

73-2010

CITY OF FRANKENMUTH

Frankenmuth, Michigan

Financial Statements

June 30, 2004

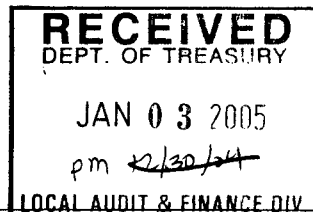


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GARDNER, PROVENZANO & SCHAUMAN, P.C.
Certified Public Accountants

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name CITY OF FRANKENMUTH		County SAGINAW
Audit Date 6/30/04	Opinion Date 12/30/04	Date Accountant Report Submitted to State: 12/29/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) GARDNER, PROVENZANO, SCHAUMAN & THOMAS, P.C.			
Street Address 4855 STATE STREET	City SAGINAW	State MI	ZIP 48603
Accountant Signature HEATHER A. THOMAS, CPA		Date 12/29/04	

CITY OF FRANKENMUTH
TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	
Management's Discussion and Analysis	1
City-Wide Financial Statements	
Statement of Net Assets	7
Statement of Activities	8
Governmental Funds Balance Sheet	9
Reconciliation of the Governmental Funds Balance Sheet to the City-Wide Statement of Net Assets	10
Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance	11
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance to the City-Wide Statement of Activities	12
Proprietary Funds	
Statement of Net Assets	13
Statement of Revenue, Expenses and Changes in Net Assets	14
Statement of Cash Flows	15
Notes to Financial Statements	16
Required Supplemental Financial Information	
Budgetary Comparison Schedule-General Fund	42
Budgetary Comparison Schedule-DDA Fund	43

Other Supplemental Information

General Fund

Comparative Balance Sheets	46
Statement of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual	47
Statement of Revenues--Budget and Actual	48
Statement of Expenditures--Budget and Actual	49

Major Street Fund

Comparative Balance Sheets	53
Statement of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual	54

Local Street Fund

Comparative Balance Sheets	55
Statement of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual	56

Parks and Recreation Fund

Comparative Balance Sheets	57
Statement of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual	58

Downtown Development Authority Fund

Comparative Balance Sheets	60
Statement of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual	61
Operating Statistics	62

Drug Law Enforcement Fund

Comparative Balance Sheets 63

Statement of Revenues, Expenditures and
Changes in Fund Balance--Budget and Actual 64

James E. Wickson Memorial Library Fund

Comparative Balance Sheets 65

Statement of Revenues, Expenditures and
Changes in Fund Balance--Budget and Actual 66

Building Department Fund

Comparative Balance Sheets 68

Statement of Revenues, Expenditures and
Changes in Fund Balance--Budget and Actual 69

Debt Service Funds

Combining Balance Sheet 71

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance 72

Capital Projects Fund

Balance Sheet 74

Statement of Revenue, Expenditures and
Changes in Fund Balance 75

Waste Water Treatment Enterprise Fund

Comparative Statements of Net Assets 77

Statement of Revenues and Expenses
and Changes in Net Assets-Budget and Actual 79

Statement of Changes in Net Assets and
Contributions in Aid of Construction 80

Page
Number

Schedule of Operating Expenses-- Budget and Actual	81
Comparative Statements of Cash Flows	82
Water Enterprise Fund	
Comparative Statements of Net Assets	84
Statements of Revenues and Expenses and Changes in Net Assets-Budget and Actual	86
Statements of Changes in Net Assets and Contributions in Aid of Construction	87
Schedule of Operating Expenses-- Budget and Actual	88
Comparative Statements of Cash Flows	90
Operating Statistics	91
Equipment Internal Service Fund	
Comparative Statements of Net Assets	93
Statement of Revenues, Expenses and Changes in Net Assets--Budget and Actual	94
Comparative Statements of Cash Flows	95
Schedule of Indebtness	96

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INDEPENDENT AUDITOR'S REPORT

December 3, 2004

Honorable Mayor and Members
of the Frankenmuth City Council
City of Frankenmuth
Frankenmuth, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Frankenmuth, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Frankenmuth, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with United States generally accepted auditing standards and standards prescribed by the State Treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Frankenmuth, Michigan, at June 30, 2004, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles and with applicable rules and regulations of the State Treasurer.

City of Frankenmuth
Page Two
December 3, 2004

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

As described in Note 17, the City of Frankenmuth adopted provisions of Governmental Accounting Standards Nos. 34, 37, 38, and GASB Interpretation 6 as of July 1, 2003. This results in a change to the City's format and content of the basic financial statements.

The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board; the other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Frankenmuth, Michigan's basic financial statements. The required supplemental information and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gardner, Provenzano & Schauman, P.C.

Certified Public Accountants

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Overview of the Financial Statements

The City of Frankenmuth, Michigan's (the "City") annual report consists of this analysis (management's discussion and analysis), government-wide financial statements, fund financial statements, notes to the financial statements, required supplemental information, and other supplemental information.

This fiscal year, the City fully implemented the Governmental Accounting Standards Board's (GASB) Statement No. 34. Since this is the first year of adoption, prior year comparison is not available. This comparison will be available for the fiscal year ending June 30, 2005. As allowed by GASB 34 for Phase Three governments, the City of Frankenmuth did not recognize infrastructure assets that were not already in the general fixed assets account groups retroactively. This accounting pronouncement, among other changes, adds government-wide financial statements, which were designed to provide a broad overview of the City's finances. The government-wide statements are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just current financial resources as measured in the individual fund statements. These statements make a distinction between governmental activities for example public safety and public works and business-type activities such as the provision of water and sewerage service. Two government-wide statements are provided.

One government-wide statement, the statement of net assets, presents information on all of the City's assets and liabilities with the difference shown as net assets. Increases or decreases of net assets from period to period provide useful information on the direction of the City's financial position over time.

The other government-wide statement, the statement of activities, provides information on how the government-wide net assets changed during the fiscal year. This statement provides information on income, expenses, and other increases or decreases in net assets.

Following the government-wide statements, individual fund financial statements are provided for the City's major funds and compiled financial information is provided for non-major funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services for example public safety and public works and proprietary funds which account for business-type activities such as provision of water and sewer services.

Reconciliations between the individual fund statements and the government-wide financial statements are provided following the individual fund statements. The differences are primarily related to inclusion of capital assets and recognition of certain receivables and long-term liabilities in the government-wide statement of net assets, which are not included in the fund balance sheets, and related to the

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Overview of the Financial Statements (cont.)

timing of reporting capital outlays and debt principal repayment in the fund statements and a difference in the timing of the recognition of certain revenues and expenditures such as bond proceeds and accrued interest in the individual fund statements versus the government-wide statements.

Financial Position and Results of Operation for the City as a Whole

The City of Frankenmuth's Governmental Wide activities indicates an increase in net assets of \$487,821 for fiscal year 2003-04. This is the consolidated result of the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and Internal Service activity.

Net assets of the Business-type activities, (Water and Waste Treatment Funds) decreased by \$227,094 for fiscal year 2003-04. Outside the purchase of the raw water, the largest single expenditure in both funds is depreciation expense of \$1,051,280. The Waste Treatment Fund receives a General Fund transfer of \$139,480 to assist with debt service as a result of G. Heileman bankruptcy in 1997.

In a condensed format, the tables below show the net assets and changes in net assets as of June 30, 2004.

	<u>Government Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current assets	\$ 6,329,980	\$ 1,361,504	\$ 7,691,484
Concurrent assets	<u>9,041,038</u>	<u>26,565,885</u>	<u>35,606,923</u>
Total Assets	15,371,018	27,927,389	43,298,407
Liabilities			
Current liabilities	3,221,955	851,740	4,073,695
Long-term liabilities	<u>10,598,844</u>	<u>10,433,034</u>	<u>21,031,878</u>
Total Liabilities	13,820,799	11,284,774	25,105,573
Net Assets			
Investment in capital assets-net of related debt	(1,557,806)	4,928,683	3,370,877
Restricted	-	13,318,215	13,318,215
Unrestricted	3,108,025	(1,604,283)	1,503,742
Total Net assets	<u>\$ 1,550,219</u>	<u>\$ 16,642,615</u>	<u>\$ 18,192,834</u>

The above table presents the net assets as of June 30, 2004. The change in net assets for the 2003-2004 year is presented and discussed below in Table 2.

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Position and Results of Operation for the City as a Whole (cont.)

	Governmental Activities	Business-type Activities	Total
Revenue			
Program revenue			
Charges for services	\$ 1,151,855	\$ 2,005,373	\$ 3,157,228
Operating grants and contributions	651,489	-	651,489
Capital grants and contributions	769,295	191,917	961,212
General revenue			
Property taxes	2,562,177	-	2,562,177
State Shared revenue	506,096	-	506,096
License and permits	65,854	-	65,854
Unrestricted investment earnings	163,634	39,965	203,599
Gain on sale of capital assets	2,514	-	2,514
Other revenues	91,430	-	91,430
Transfers	(311,313)	311,313	-
Total Revenue	5,653,031	2,548,568	8,201,599
Program Expense			
General government	1,219,666	-	1,219,666
Public safety	998,277	-	998,277
Highways and Street	562,739	-	562,739
Sanitation	280,979	-	280,979
Economic development-DDA	590,726	-	590,726
Culture-recreations	749,990	-	749,990
Interest on long term debt	470,391	-	470,391
Equipment	292,440	-	292,440
Water and waste water	-	2,775,661	2,775,661
Total Program Expenses	5,165,208	2,775,661	7,940,869
Change in Net Assets	\$ 487,821	\$ (227,094)	\$ 260,727

Governmental Activities

The City continues to experience moderate growth in tax revenues based on the increased developments in the residential and commercial sectors. Expenditures overall have remained fairly constant; however, we have experienced significant rate increases in employee health care premiums and in the employer contribution for employee pension benefits.

State-shared revenues, statutorily designated to support local community services and historically about 15% of the City's general operating revenues, have continued to decline to approximately 12% for fiscal year 2003-04. While not significant, the trend from the State of Michigan appears that it will continue. Over a four year period of time, the City has received \$50,000 less in State shared revenues.

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Governmental Activities (cont.)

The City strives to maintain a cash reserve in the three to six month range as recommended by our independent auditors. Currently we have nearly four months in reserves which falls in the desired level.

Business-type Activities

The City operates a water department and a waste water treatment facility. These departments provide water and sewer services to all the City's residents. Water is provided to some areas outside the city corporate limits. Rates are set to provide for annual operations, maintenance, replacement and for the payment of debt service requirements. The Water Board reviews the rate structure annually. This past year, our wholesale water supplier increased the cost of our raw water by 112%, which prompted us to substantially increase our water rates effective June 1, 2004. Subsequently, we have hired a consultant to investigate our options for an alternate water source. Our overall water loss for the year was approximately 5.59% of water purchased which compares to a water loss from the prior year of 7.65%. The Waste Treatment Committee reviews that department's operation. Based on costs and operations, a four percent rate increase was instituted effective in January 1, 2005.

Analysis of Individual Funds

Of the City's governmental funds, the General Fund the Major and Local Street Funds, and the Downtown Development Authority Fund account for most of the significant expenditures other than for debt service.

The General Fund ended the fiscal year with a decrease to the fund balance in the amount of \$184,056. This was planned during the budget process. Property taxes remain the major revenue source (55%), followed by charges for services (25.6%), State shared revenue (12%), with licenses and permits, fines and forfeits and other revenues making up the balance of the general fund revenue. The total General Fund revenues for fiscal year 2003-04 increased by 1.26% over the preceding fiscal year.

Both the Major and Local Street Funds continue to struggle with limited funds available to undertake construction or reconstruction projects. The major source of revenue comes from the State gas and weight taxes. The General Fund annually transfers money into these street funds for any planned construction project. The ending fund balances in these street funds are \$20,828 for fiscal year 2003-04.

The Downtown Development Authority Fund, along with their construction fund, receives the majority of their revenue from property taxes, captured taxes and special assessments. The majority of their planned infrastructure and beautification projects are in their final stages.

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

General Operating Fund Budget Highlights

During the annual budget process, the City completes an extensive review of the current year budget, culminating in a budget amendment to appropriate the revised expenditure estimates. The General Fund ended the year with an excess of expenditures over revenues by \$184,056. The use of the fund balance in the general fund was planned and anticipated.

The City's original and amended general operating budget changed very insignificantly. The only significant variance from our original budget to the amended budget was an increase in other financing sources (uses) area. The amended budget increased \$80,000 due to additional transfer needed into the street funds and the Block Road construction fund.

The difference in the City's amended budget and actual results had one significant variance in the expenditure area. Under other expenses, the City budgeted \$366,000 and expended \$259,910 or \$106,090 under budget. This variance is due to expenditure items not materializing in fiscal year 2003-04.

Capital Asset and Long-term Debt Activity

Major capital asset and infrastructure additions in governmental funds consisted of Block Road construction, culvert improvements along E. Genesee Street, and the D.D.A.'s Weiss Street construction improvements.

In the Water and Sewer Funds, additional residential subdivision developments were constructed including water and sewer infrastructure.

The City did authorize and issue two new debt issues during this past fiscal year; one for the Weiss Street D.D.A. improvements and the other was a Waste Treatment Fund bond refinance. The refinancing debt will save the City over \$156,000 over the remaining life of the bond. The City did service all outstanding debt in a timely basis.

Economic Factors and Next Year's Budgets and Rates

The City's tax mill rate of 9.60 has been in effect since the 1997-98 fiscal year. The growth of the taxable value over this period has provided increased tax revenues to allow for no change in the mill levy. The limiting factor on tax revenue growth in the general fund results from the capture of commercial tax values into the D.D.A.

A tax appeal, by one of the City's largest taxpayers, has been filed and the impact on the revenues in the D.D.A. fund will be felt if an adverse decision is made.

CITY OF FRANKENMUTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Economic Factors and Next Year's Budgets and Rates (cont).

The City has experienced no specific events which it believes will materially impact the finances of the City but notes certain long-term trends such as the capture of commercial property tax revenues and shrinking state-shared revenues, which will have a direct impact on the City's ability to provide current services as inflation and the cost of providing services increases. Currently adequate cash reserves and authorized unlevied millage ensures provision of current services in the near term as the City meets these challenges and plans for the future.

Contacting the City's Financial Management

This financial report is designed to provide accountability of our stewardship of the resources provided by our citizens, taxpayers, and customers and to provide financial information to the City's investors and creditors. If you have any questions about this report or need additional financial information, contact the City Manager or City Treasurer at City Hall, 240 West Genesee, Frankenmuth, MI 48734.

CITY OF FRANKENMUTH
STATEMENT OF NET ASSETS
JUNE 30, 2004

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash	\$ 3,210,044	\$ 893,808	\$ 4,103,852
Investments	68,899	-	68,899
Accounts Receivable	134,874	321,877	456,751
Special Assessments Receivable	2,630,540	58,031	2,688,571
Due from other funds	35,654	386	36,040
Due from other governmental units	161,736	228	161,964
Inventory	18,450	60,584	79,034
Accrued interest receivable	1,579	-	1,579
Prepaid expenses	68,204	26,590	94,794
Total Current assets	6,329,980	1,361,504	7,691,484
Noncurrent Assets			
Restricted accounts receivable	-	10,506,747	10,506,747
Special Assessments net of current portion	-	697,421	697,421
Net Capital assets	9,041,038	15,361,717	24,402,755
Total Noncurrent Assets	9,041,038	26,565,885	35,606,923
Total assets	15,371,018	27,927,389	43,298,407
LIABILITIES			
Accounts payable	511,109	125,098	636,207
Accrued payroll	-	5,761	5,761
Due to other funds	13,022	23,019	36,041
Deferred special assessments	2,697,824	697,862	3,395,686
Noncurrent liabilities:			-
Due within one year	556,913	735,000	1,291,913
Due in more than one year	10,041,931	9,698,034	19,739,965
Total liabilities	13,820,799	11,284,774	25,105,573
NET ASSETS			
Invested in capital assets, net of related debt	(1,557,806)	4,928,683	3,370,877
Restricted	-	13,318,215	13,318,215
Unrestricted	3,108,025	(1,604,283)	1,503,742
Total net assets	\$ 1,550,219	\$ 16,642,615	\$ 18,192,834

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues			Net(Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
General Government	\$ 1,219,666	\$ 176,637	\$ 132,648	\$ 11,281	\$ (899,100)	\$ -	\$ (899,101)
Public Safety	998,277	185,385	7,747	-	(805,145)	-	(805,145)
Highways & Streets	562,739	-	377,147	83,054	(102,538)	-	(102,539)
Sanitation	280,979	316,877	-	-	35,898	-	35,898
Economic Development - DDA	590,726	-	51,618	670,486	131,378	-	131,378
Culture - recreations	749,990	98,762	82,328	-	(568,900)	-	(568,899)
Interest on Long Term Debt	470,391	-	-	4,475	(465,916)	-	(465,916)
Equipment	292,440	374,194	-	-	81,754	-	81,754
Total governmental activities	5,165,208	1,151,855	651,488	769,296	(2,592,571)	-	(2,592,569)
Business-type Activities:							
Wastewater Treatment Fund	1,665,527	973,684	-	127,087	-	(564,756)	(564,756)
Water Fund	1,110,134	1,031,689	-	64,829	-	(13,616)	(13,616)
Total business-type activities	2,775,661	2,005,373	-	191,917	-	(578,372)	(578,372)
Total primary government	7,940,869	3,157,228	651,488	961,213	(2,592,571)	(578,372)	(3,170,943)
General revenues:							
Property Taxes					2,562,177	-	2,562,177
State Shared Revenue					506,096	-	506,096
License & Permits					65,854	-	65,854
Unrestricted investment earnings					163,634	39,965	203,599
Gain on Sale of Capital Assets					2,514	-	2,514
Other Revenues					91,430	-	91,430
Transfers					(311,313)	311,313	-
Total general revenues					3,080,392	351,278	3,431,670
Change in net assets					487,821	(227,094)	260,727
Net assets - beginning					1,062,398	16,869,709	17,932,107
Net assets - ending					\$ 1,550,219	\$ 16,642,615	\$ 18,192,834

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2004

	General	DDA Fund	DDA Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 1,068,861	\$ 1,024,870	\$ -	\$ 775,502	\$ 2,869,233
Investments	60,712	-	-	68,899	129,611
Receivables					
Accounts	99,497	23,729	1,838	11,355	136,419
Special assessments	31,507	2,397,874	-	201,160	2,630,541
Due from other funds	59,305	-	811,767	78,640	949,712
Due from other governmental units	73,540	-	290	87,906	161,736
Inventory	17,281	-	-	-	17,281
Accrued interest receivable	-	-	-	36	36
Prepaid expenses	41,000	1,780	-	15,792	58,572
Total	<u>\$ 1,451,703</u>	<u>\$ 3,448,253</u>	<u>\$ 813,895</u>	<u>\$ 1,239,290</u>	<u>\$ 6,953,141</u>
<u>Liabilities</u>					
Liabilities					
Accounts payable	\$ 132,225	\$ 25,154	\$ 252,243	\$ 32,419	\$ 442,041
Accrued expenses	62,996	402	-	479	63,877
Due to other funds	-	728,146	123,186	162,949	1,014,281
Deferred revenue	80,070	2,261,095	-	355,778	2,696,943
Total Liabilities	<u>275,291</u>	<u>3,014,797</u>	<u>375,429</u>	<u>551,625</u>	<u>4,217,142</u>
Fund Equity					
Fund Balance					
Reserved for debt retirement	-	-	-	78,378	78,378
Reserved for inventories	17,281	-	-	-	17,281
Undesignated	1,159,131	433,456	438,466	609,287	2,640,340
Total Fund Equity	<u>1,176,412</u>	<u>433,456</u>	<u>438,466</u>	<u>687,665</u>	<u>2,735,999</u>
Total Liabilities and Fund Equity	<u>\$ 1,451,703</u>	<u>\$ 3,448,253</u>	<u>\$ 813,895</u>	<u>\$ 1,239,290</u>	<u>\$ 6,953,141</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE CITY-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2004

Fund balances of governmental funds	\$	2,735,999
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds.		8,448,360
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Long-term liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in the funds.		(10,598,843)
--	--	--------------

Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement.		964,703
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Net assets of governmental activities	\$	<u>1,550,219</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
GOVERNMENTAL FUNDS STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2004

	General	DDA Fund	DDA Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 1,918,916	\$ 727,103	\$ -	\$ -	\$ 2,646,019
Licenses	9,709	-	-	65,035	74,744
State	431,617	51,618	-	383,146	866,381
Federal	-	-	74,481	-	74,481
Charges for service	888,099	-	-	85,241	973,340
Fines and forfeits	15,328	-	-	35,769	51,097
Other revenues	204,776	287,592	-	729,687	1,222,055
Total Revenues	3,468,445	1,066,313	74,481	1,298,878	5,908,117
Expenditures					
General government	949,365	-	-	-	949,365
Public safety	1,005,678	-	-	-	1,005,678
Public works	413,296	-	-	566,424	979,720
Recreation and cultural	-	-	-	695,319	695,319
Other expenses	259,910	380,636	1,437,079	100,278	2,177,903
Debt service					
Principal retirement	-	-	-	437,175	437,175
Interest and fiscal agent charges	-	-	-	475,085	475,085
Total Expenditures	2,628,249	380,636	1,437,079	2,274,281	6,720,245
Excess (Deficiency) of Revenues over Expenditures	840,196	685,677	(1,362,598)	(975,403)	(812,128)
Other Financing Sources (Uses)					
Debt service	-	-	-	(106,231)	(106,231)
Bond proceeds	-	-	1,800,000	-	1,800,000
Operating transfers in	-	-	-	1,610,920	1,610,920
Operating transfers (out)	(1,024,252)	(665,489)	-	(269,789)	(1,959,530)
Total Other Financing Sources (Uses)	(1,024,252)	(665,489)	1,800,000	1,234,900	1,345,159
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(184,056)	20,188	437,402	259,497	533,031
Fund Balances, Beginning	1,360,468	413,268	1,064	428,168	2,202,968
Fund Balances, Ending	\$ 1,176,412	\$ 433,456	\$ 438,466	\$ 687,665	\$ 2,735,999

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE CITY-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Net change in fund balances --total governmental funds	\$ 533,031
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds.	1,195,741
Long-term liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in the funds.	(1,304,061)
Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement	66,754
Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The expenses and revenues of the internal service funds are included in governmental activities in the statement	(3,644)
Change in net assets of governmental activities	<u>\$ 487,821</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2004

	Waste Water	Water	Enterprise Totals	Internal Service
<u>Assets</u>				
Current Assets				
Cash	\$ 299,286	\$ 594,522	\$ 893,808	\$ 280,098
Accounts receivable	151,590	170,287	321,877	-
Special assessments receivable	51,363	6,668	58,031	-
Due from other funds	-	386	386	87,202
Due from other governmental units	-	228	228	-
Inventory	5,671	54,913	60,584	1,169
Prepaid Expenses	16,738	9,852	26,590	9,632
Total Current Assets	<u>524,648</u>	<u>836,856</u>	<u>1,361,504</u>	<u>378,101</u>
Non currentAssets				
Restricted Assets	9,080,347	1,426,400	10,506,747	-
Special assessments receivable net of current portion	619,020	78,401	697,421	-
Net Capital Assets	<u>12,032,042</u>	<u>3,329,675</u>	<u>15,361,717</u>	<u>592,674</u>
Total Noncurrent Assets	<u>21,731,409</u>	<u>4,834,476</u>	<u>26,565,885</u>	<u>592,674</u>
Total Assets	<u>\$ 22,256,057</u>	<u>\$ 5,671,332</u>	<u>\$ 27,927,389</u>	<u>\$ 970,775</u>
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Accounts Payable	\$ 14,045	\$ 111,053	\$ 125,098	\$ 6,072
Accrued Payroll	5,725	36	5,761	-
Due to other funds	23,019	-	23,019	-
Deferred Special Assessment Revenue	619,815	78,047	697,862	-
Current Portion of Long-Term Debt	<u>647,000</u>	<u>88,000</u>	<u>735,000</u>	<u>-</u>
Total Current Liabilities	<u>1,309,604</u>	<u>277,136</u>	<u>1,586,740</u>	<u>6,072</u>
Noncurrent Liabilities				
Bonds Payable (net of current portion and unamortized discount)	<u>8,359,634</u>	<u>1,338,400</u>	<u>9,698,034</u>	<u>-</u>
Total Noncurrent Liabilities	<u>8,359,634</u>	<u>1,338,400</u>	<u>9,698,034</u>	<u>-</u>
Total Liabilities	<u>9,669,238</u>	<u>1,615,536</u>	<u>11,284,774</u>	<u>6,072</u>
Net Assets				
Investment in capital assets- Net of related debt	3,025,408	1,903,275	4,928,683	592,674
Restricted	10,464,200	2,854,015	13,318,215	-
Unrestricted	<u>(902,789)</u>	<u>(701,494)</u>	<u>(1,604,283)</u>	<u>372,029</u>
Total Net Assets	<u>12,586,819</u>	<u>4,055,796</u>	<u>16,642,615</u>	<u>964,703</u>
Total Liabilities and Net Assets	<u>\$ 22,256,057</u>	<u>\$ 5,671,332</u>	<u>\$ 27,927,389</u>	<u>\$ 970,775</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2004

	Waste Water	Water	Enterprise Totals	Internal Service
Operating Revenues				
Sewage disposal charges	\$ 963,055	\$ -	\$ 963,055	\$ -
Water sales	-	1,019,342	1,019,342	-
Penalties on late payments	7,661	6,001	13,662	-
Hydrant rental	-	8,000	8,000	-
Billings to departments	-	-	-	344,525
Other revenues	-	10,124	10,124	-
Total Operating Revenues	<u>970,716</u>	<u>1,043,467</u>	<u>2,014,183</u>	<u>344,525</u>
Operating Expenses				
Transmission Maintenance	95,606	-	95,606	-
Sewage purification	1,392,713	-	1,392,713	-
Distribution System Maintenance, Township	-	13,193	13,193	-
Distribution System Maintenance, City	-	91,452	91,452	-
Purification	-	911,381	911,381	-
Motor Vehicle Maintenance	-	-	-	294,068
Administration	227,631	105,272	332,903	31,752
Customer service	715	47,433	48,148	-
Total Operating Expenses	<u>1,716,665</u>	<u>1,168,731</u>	<u>2,885,396</u>	<u>325,820</u>
Operating Income (Loss)	<u>(745,949)</u>	<u>(125,264)</u>	<u>(871,213)</u>	<u>18,705</u>
Non-Operating Revenues (Expenses)				
Interest	35,416	4,549	39,965	1,779
Transfers	139,480	-	139,480	-
DPW Fringe Recovery	-	-	-	5,398
Miscellaneous	94,373	37,362	131,735	7,493
Total Non-operating Revenues	<u>269,269</u>	<u>41,911</u>	<u>311,180</u>	<u>14,670</u>
Income before other revenues	<u>(476,680)</u>	<u>(83,353)</u>	<u>(560,033)</u>	<u>33,375</u>
Other Revenue				
Capital Contributions	216,442	116,497	332,939	-
Total Other Revenue	<u>216,442</u>	<u>116,497</u>	<u>332,939</u>	<u>-</u>
Increase (decrease) in net assets	<u>(260,238)</u>	<u>33,144</u>	<u>(227,094)</u>	<u>33,375</u>
Net Assets, Beginning	<u>12,847,057</u>	<u>4,022,652</u>	<u>16,869,709</u>	<u>931,328</u>
Net Assets, Ending	<u>\$ 12,586,819</u>	<u>\$ 4,055,796</u>	<u>\$ 16,642,615</u>	<u>\$ 964,703</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004

	Waste Water Fund	Water Fund	Enterprise Totals	Internal Service
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,366,603	\$ 1,053,427	\$ 2,420,030	\$ -
Billings from other departments	-	-	-	319,159
Payments to suppliers	(582,971)	(696,672)	(1,279,643)	(142,095)
Payments to employees	(380,434)	(204,456)	(584,890)	(78,607)
Internal activity - Net payments to other funds	320,057	(25,177)	294,880	-
Other receipts (payments)	99,394	49,875	149,269	5,398
Net cash provided by (used in) operating activities	<u>822,649</u>	<u>176,997</u>	<u>999,646</u>	<u>103,855</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(284,288)	(134,462)	(418,750)	(150,480)
Sale of capital assets	-	-	-	7,491
Capital contributions	216,442	116,497	332,939	-
Operating transfers	(139,479)	-	(139,479)	-
Principal and interest paid on capital debt	(591,494)	(83,600)	(675,094)	-
Net cash used in capital and related financing activities	<u>(798,819)</u>	<u>(101,565)</u>	<u>(900,384)</u>	<u>(142,989)</u>
Cash Flows from Investing Activities				
Interest received on investments	35,416	4,549	39,965	1,779
Net cash provided by (used in) investing activities	<u>35,416</u>	<u>4,549</u>	<u>39,965</u>	<u>1,779</u>
Net Increase (Decrease) in Cash and cash equivalents	59,246	79,981	139,227	(37,355)
Cash and cash equivalents - Beginning of year	240,040	514,541	754,581	317,453
Cash and cash equivalents - End of year	<u>\$ 299,286</u>	<u>\$ 594,522</u>	<u>\$ 893,808</u>	<u>\$ 280,098</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ (260,238)	\$ 33,145	\$ (227,093)	\$ 33,375
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	834,858	216,422	1,051,280	108,845
Gain on sale of equipment	-	-	-	(7,493)
Capital Contributions	(216,442)	(116,497)	(332,939)	-
Investment Interest	(35,416)	(4,549)	(39,965)	(1,779)
Changes in assets and liabilities				
Receivables	466,849	28,680	495,529	1,362
Due from other funds	157,558	(386)	157,172	(26,728)
Other assets	(6,096)	(3,080)	(9,176)	(1,215)
Accounts payable	(76,508)	54,279	(22,229)	(2,512)
Accrued and other liabilities	(64,935)	(6,226)	(71,161)	-
Due to other funds	23,019	(24,791)	(1,772)	-
Net Cash provided by (used in) operating activities	<u>\$ 822,649</u>	<u>\$ 176,997</u>	<u>\$ 999,646</u>	<u>\$ 103,855</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies

The City of Frankenmuth is organized under Michigan's Comprehensive Home Rule City Act. City government is directed by a seven-member City Council, including the Mayor, who is elected by the community at large. This legislative body appoints a City Manager to administer the affairs of the City. The City provides the following services as authorized by its charter: public safety, highways and streets, sanitation, cultural and recreation, public improvements, planning and zoning, and general administrative services.

The City of Frankenmuth complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The City has the option of following subsequent FASB guidance for its enterprise funds; however, the City has elected not to follow subsequent guidance.

The Reporting Entity

The City has adopted the position of the National Council on Governmental Accounting (NCGA) as outlined in its Statement 3, regarding the definition of the "reporting entity." The basic criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. Oversight responsibility include financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations,

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

The Reporting Entity (continued)

and accountability for fiscal matters. Based upon these criteria, the Frankenmuth City-Township Commission is considered a separate governmental entity. The City has consolidated the Frankenmuth Beautification Committee into these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that cannot be attributed directly to any one function are included among program revenues and are reported instead as general revenue.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds.

The City does not allocate indirect costs. An administrative fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement to recover the direct costs of the General Fund services provided.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes and State-shared revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

A fund is defined as a fiscal and accounting entity with self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by the City:

Governmental Funds

General Fund--The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds--Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds--Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds--Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Proprietary Funds

Enterprise Funds--Enterprise Funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds--These funds are used to record the financing of goods or services by the City to other departments and funds, or to other governmental units, on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and waste water function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services.

Operating expenses for proprietary funds include the cost of source of supply, transmission and distribution maintenance, and administrative and general expenses, including depreciation and capital assets.

All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Cash

Cash includes cash on hand and demand deposits.

Investments

Investments include money markets fund and are stated at fair value.

Receivables

Receivables consist of all revenues earned at year-end but not yet received. Outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the governmental-wide financial statements as "internal balances".

Inventories

Inventories consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method.

Prepaid

Prepaid amounts consist of payments for which the City will have a future benefit and will be used up at a date beyond the current year-end.

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation(continued)

Other costs incurred for repairs and maintenance are expensed as incurred. The City owns infrastructure assets such as water and sewer systems and roads and sidewalks. Depreciation on all assets is provided on the straight-line method over the following estimated useful lives:

Equipment and other	3-10 years
Vehicles	5-10 years
Buildings	50 years
Water and sewer mains	20-50 years
Water Towers	50 years
Water Meters	10-20 years
Other equipment	5-10 years
Infrastructure	5-50 years

The City elected not to retroactively report some infrastructure assets, which is allowable under the provisions of GASB 34.

Accounts Payable

Accounts payable consist of items from which the City benefited during the current fiscal year but has not yet paid.

Accrued Sick Leave

Accumulated and unused sick leave at year end is recognized as a liability of the respective funds in which each employee's wages are reported. The liability is calculated based upon various labor terms. Total accrued sick leave at June 30, 2004, was \$62,996.

Deferred Revenue

Deferred revenue represents amounts for which the City has received or is due to receive but has not yet earned. The revenues are deferred until the proceeds have been fully expensed/expended.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Inter-fund Activity

Inter-fund activity is reported as payables and transfers. Both are eliminated upon consolidation.

Property Taxes

City property taxes are an enforceable lien on property, when levied on July 1. They are due without penalty on or before July 31. These summer tax bills include the City's own property taxes, and taxes billed on behalf of the Intermediate School District and Delta College. Real property taxes not collected as of March 1 are returned to Saginaw County for collection. The County settles with the City for 100% of the delinquent taxes. Collection of delinquent personal

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

property taxes remains the responsibility of the City Treasurer. Property taxes levied in July of each year are recognized as revenue in that year.

The City acts as a collection agent for Saginaw County and the City of Frankenmuth for winter property taxes. Taxes collected on behalf of these two entities are turned over to them immediately following collection, and are accounted for in a designated agency fund. At December 31, 2003, the taxable value of real and personal property located in the City totaled \$224,655,258, including industrial and commercial facilities. The City taxable value, exclusive of industrial facilities and commercial facilities tax units, amounted to \$223,733,158.

The levy for the year was based on the following rate:

	<u>Millage Rate Used</u>	<u>Authorized Millage Rate by Either State Law or City Charter</u>
General Operating	9.60	20* General

*Limited by Headlee amendment to 18.8812 mills

NOTE 2--Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At their March meeting, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution at the April City Council meeting.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 2--Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting (continued)

4. Formal budgetary integration is employed as a measurement control device during the year for all funds.
5. Budgets for the General and Special Revenue Funds are adopted in compliance with the Michigan Department of Treasury and have been prepared in accordance with accounting principles generally accepted in the United States of America.
6. The legal level of budgetary control adopted by the City is the activity level.
7. Adoption and amendments of all budgets used by the City are governed by Public Act 621. The appropriations resolutions are based on the projected expenditures budget of the department heads of the City. Any amendment to the original budget must meet the requirements of Public Act 621. The City did amend its budget for the fiscal year. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

NOTE 3--Deposits and Investments

The City is authorized, by the State of Michigan, to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan.

The City is also authorized to invest in the following:

- a. U.S. Treasury Bills, U.S. Treasury Notes, U.S. Treasury Bonds, and U.S. Treasury STRIPS,
- b. TINTS-Treasury Interest Securities,
- c. PRINS or STRIPS-Treasury Principal Securities,
- d. Certificates of Deposits, Saving Deposit Receipt and Savings Accounts,
- e. Commercial Paper-short term unsecured debt obligation issued by a bank holding company, finance company, utility or industrial company to raise short term cash,
- f. Repurchase Agreements,

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 3--Deposits and Investments (continued)

- g. Banker's Acceptance,
- h. Investment Pools.

Cash and cash equivalents include demand deposits with original maturities of 90 days or less. All cash is held by federally insured financial institutions. The FDIC insures up to \$100,000 in demand deposits; however, separately named accounts of a governmental entity in a single financial institution may not necessarily be treated as separate deposits for the \$100,000 limitation. Investments consist of money market funds. These investments are carried at fair market value. A summary of cash and investments follow:

	Insured	Collateralized	Uninsured Uncollateralized	Total
Governmental Activities				
Cash	\$ 200,000	\$ -	\$ 2,782,324	\$ 2,982,324
Investments	-	-	129,611	129,611
Business-type Activities				
Cash	-	-	1,173,906	1,173,906
Total Deposits & Investments	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 4,085,841</u>	<u>\$ 4,285,841</u>

Some of the operating cash of the City is handled through a common checking account at a bank. Each Fund's share of the cash balance is accounted for by using a separate cash account within each fund.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Capital Assets

Capital assets activity for the year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Additions	Disposals	Balance June 30, 2004
GOVERNMENTAL ACTIVITIES				
Capital assets not subject to depreciation				
Land	\$ 137,040	\$ -	\$ -	\$ 137,040
Subtotal	<u>137,040</u>	<u>-</u>	<u>-</u>	<u>137,040</u>
Capital assets subject to depreciation				
Infrastructure	5,221,695	1,539,750	-	6,761,445
Equipment	1,156,647	61,441	-	1,218,088
Vehicles	782,524	137,485	45,153	874,856
Buildings	3,445,305	2,900	-	3,448,205
Subtotal	<u>10,606,171</u>	<u>1,741,576</u>	<u>45,153</u>	<u>12,302,594</u>
Accumulated Depreciation				
Infrastructure	574,885	254,162	-	829,047
Equipment	655,464	93,047	-	748,511
Vehicles	455,344	75,513	45,153	485,704
Buildings	1,253,856	81,478	-	1,335,334
Subtotal	<u>2,939,549</u>	<u>504,200</u>	<u>45,153</u>	<u>3,398,596</u>
Net capital assets being depreciated	<u>7,666,622</u>	<u>1,237,376</u>	<u>-</u>	<u>8,903,998</u>
Net governmental capital assets	<u>\$ 7,803,662</u>	<u>\$ 1,237,376</u>	<u>\$ -</u>	<u>\$ 9,041,038</u>

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Capital Assets (continued)

	Balance July 1, 2003	Additions	Disposals	Balance June 30, 2004
BUSINESS-TYPE ACTIVITIES				
Capital assets not subject to depreciation				
Land	\$ 22,963	\$ -	\$ -	\$ 22,963
Subtotal	<u>22,963</u>	<u>-</u>	<u>-</u>	<u>22,963</u>
Capital assets subject to depreciation				
Buildings	17,961,166	-	-	17,961,166
Water towers	533,842	-	-	533,842
Distribution systems	5,001,134	121,687	-	5,122,821
Collection systems	2,562,573	180,760	-	2,743,333
Machinery & equipment	1,010,504	107,994	-	1,118,498
Meters & boxes	310,281	8,313	-	318,594
Furniture & fixtures	59,005	-	-	59,005
Subtotal	<u>27,438,505</u>	<u>418,754</u>	<u>-</u>	<u>27,857,259</u>
Accumulated Depreciation				
Buildings	7,490,406	689,481	-	8,179,887
Water towers	282,533	10,289	-	292,822
Distribution systems	1,991,836	191,168	-	2,183,004
Collection systems	751,695	105,783	-	857,478
Machinery & equipment	675,033	44,959	-	719,992
Meters & boxes	219,179	8,345	-	227,524
Furniture & fixtures	56,543	1,255	-	57,798
Subtotal	<u>11,467,225</u>	<u>1,051,280</u>	<u>-</u>	<u>12,518,505</u>
Net capital assets being depreciated	<u>15,971,280</u>	<u>(632,526)</u>	<u>-</u>	<u>15,338,754</u>
Net Business-type capital assets	<u>\$ 15,994,243</u>	<u>\$ (632,526)</u>	<u>\$ -</u>	<u>\$ 15,361,717</u>

Depreciation expense was charges to programs of the primary government

as follows:

Governmental activities:

General government	\$ 271,920
Public safety	27,130
Public works	9,979
Recreation and culture	86,326
Internal Service	108,845
Total governmental activities	<u>504,200</u>

Business-type activities:

Sewer	\$ 834,858
Water	216,422
Total business-type activities	<u>1,051,280</u>

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Inter-fund Receivables, Payables and Transfers

The composition of inter-fund balances as of June 30, 2004, is as follows:

	Individual Funds		Per Financial Statements	
	Interfund Receivable	Interfund Payable	Due From Other fund	Due to Other Funds
General Fund	<u>\$ 104,935</u>	<u>\$ 45,630</u>	<u>\$ 59,305</u>	<u>\$ -</u>
Special Revenue Funds				
Major Street	10,581	39,345	-	28,764
Local Street	-	23,357	-	23,357
Parks and Recreation	-	28,205	-	28,205
Downtown Development Authority	108,627	836,773	-	728,146
Library	-	1,851	-	1,851
Building Department Fund	<u>1,563</u>	<u>-</u>	<u>1,563</u>	<u>-</u>
	<u>120,771</u>	<u>929,531</u>	<u>1,563</u>	<u>810,323</u>
Debt Service Fund	<u>10,938</u>	<u>1,444</u>	<u>10,938</u>	<u>1,444</u>
Capital Project Fund	<u>877,906</u>	<u>202,514</u>	<u>877,906</u>	<u>202,514</u>
Enterprise Funds				
Waste Water Treatment	2,053	25,072	-	23,019
Water Fund	<u>22,120</u>	<u>21,734</u>	<u>386</u>	<u>-</u>
	<u>24,173</u>	<u>46,806</u>	<u>386</u>	<u>23,019</u>
Internal Service Fund				
Equipment	<u>87,376</u>	<u>174</u>	<u>87,202</u>	<u>-</u>
Total	<u>\$ 1,226,099</u>	<u>\$ 1,226,099</u>	<u>\$ 1,037,300</u>	<u>\$ 1,037,300</u>

The majority of interfund receivables and payables for the City consist of amounts due to the General Fund for administrative charges, to Capital Projects for special assessment revenue, to Water and Waste Funds for service charges, and to the Equipment Fund for equipment rental charges. The majority of interfund transfers consisted of payments from the General Fund for operations of the special revenue funds and transfers to debt service for the payment of bond principal and interest.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Inter-fund Receivables, Payables and Transfers (continued)

The composition of inter-fund balances as of June 30, 2004, is as follows:

Due To/From Other Funds

<u>Receivable</u>		<u>Payable</u>		<u>Receivable</u>		<u>Payable</u>	
General	\$ 27,868	Major Street	\$ 27,868	Waste Water	\$ 315	General	\$ 315
General	13,018	Local Street	13,018	Waste Water	1,388	Parks & Recreation	1,388
General	7,827	Parks & Recreation	7,827	Waste Water	54	Library	54
General	22,618	DDA	22,618	Waste Water	36	Capital Projects	36
General	1,654	Library	1,654	Waste Water	260	Water	260
General	20,323	Capital Projects	20,323		<u>\$ 2,053</u>		<u>\$ 2,053</u>
General	5,112	Waste Water	5,112				
General	6,376	Water	6,376	Water	\$ 5,679	General	\$ 5,679
General	139	Equipment	139	Water	2,056	Parks & Recreation	2,056
	<u>\$ 104,935</u>		<u>\$ 104,935</u>	Water	1,442	DDA	1,442
				Water	107	Library	107
Major Street	\$ 10,000	General	\$ 10,000	Water	2,524	Capital Projects	2,524
Major Street	581	Water	581	Water	10,312	Waste Water	10,312
	<u>\$ 10,581</u>		<u>\$ 10,581</u>		<u>\$ 22,120</u>		<u>\$ 22,120</u>
DDA	\$ 108,593	Capital Projects	\$ 108,593	Equipment	\$ 18,578	General	\$ 18,578
DDA	34	Equipment	34	Equipment	11,477	Major Street	11,477
	<u>\$ 108,627</u>		<u>\$ 108,627</u>	Equipment	10,339	Local Street	10,339
				Equipment	16,935	Parks & Recreation	16,935
Building	<u>\$ 1,563</u>	General	<u>\$ 1,563</u>	Equipment	945	DDA	945
				Equipment	36	Library	36
Debt Service	\$ 9,494	General	\$ 9,494	Equipment	4,900	Capital Projects	4,900
Debt Service	1,444	Debt Service	1,444	Equipment	9,068	Waste Water	9,068
	<u>\$ 10,938</u>		<u>\$ 10,938</u>	Equipment	15,098	Water	15,098
					<u>\$ 87,376</u>		<u>\$ 87,376</u>
Capital Projects	\$ 811,767	DDA	\$ 811,767				
Capital Projects	66,139	Capital Projects	66,139				
	<u>\$ 877,906</u>		<u>\$ 877,906</u>				

The composition of inter-fund transfers as of June 30, 2004, is as follows:

Transfers In/Out

<u>Transfers In</u>		<u>Transfers Out</u>		<u>Transfers In</u>		<u>Transfers Out</u>	
Major Street	\$ 70,000	General	\$ 70,000	Debt Service	\$ 118,296	General	\$ 118,296
				Debt Service	106,231	Major Street	106,231
Local Street	\$ 110,000	General	\$ 110,000	Debt Service	22,244	Local Street	22,244
Local Street	33,000	Major Street	33,000	Debt Service	665,489	DDA	665,489
	<u>\$ 143,000</u>		<u>\$ 143,000</u>		<u>\$ 912,260</u>		<u>\$ 912,260</u>
Parks & Recreation	\$ 294,000	General	\$ 294,000	Capital Projects	\$ 43,404	General	\$ 43,404
Library	<u>\$ 195,000</u>	General	<u>\$ 195,000</u>				

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 6--Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board, Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing the Municipal Employees Retirement System of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy

The City is required to contribute at an actuarially determined rate; the current rates are 7.59% for general employees, and 9.65% for police officers of annual covered payroll. City employees are required to contribute 3% of their annual compensation. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the City depending on the MERS contribution program adopted by the City.

Annual Pension Cost

For the year ended June 30, 2004, the City's annual pension cost of \$100,086 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2002, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) an assumed rate of investment return, which is used to discount

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 6--Pension Plan (continued)

Annual Pension Cost (continued)

liabilities and project what plan assets will earn, (b) a mortality table projecting the number of employees who will die before retirement and duration of benefit payments after retirement, (c) assumed retirement rates projecting when employees will retire and commence receiving benefits, (d) a set of withdrawal and disability rates to estimate the number of employees who will leave the work force before retirement, (e) assumed rates of salary increase to project employees' compensation in future years. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect market value.

Three-year Trend information

Fiscal Year Ended	Annual Pension Cost	Percentage of APC Contributed
06/30/02	\$ 107,820	100%
06/30/03	100,086	100%
06/30/04	131,429	100%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded (Over Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/(c)
12/31/01	\$ 6,840,366	\$ 7,180,889	\$ 340,523	95%	\$ 1,457,020	23%
12/31/02	6,925,883	7,567,209	641,326	92%	1,524,503	42%
12/31/03	7,280,597	8,173,175	892,578	89%	1,600,276	56%

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 7--Unemployment Compensation

The City is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the City must reimburse the Employment Commission for all benefits charged against the City. There were no expenditures for reimbursements during the year.

NOTE 8--Long-Term Debt

Long-term debt obligations for the year ended June 30, 2004, were as follows:

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004	Current Portion
Governmental Activities					
General Obligation Bonds					
1997 DDA Bonds					
Amount of issue: \$2,600,000					
Maturing through 5/1/17	\$ 2,105,000	\$ -	\$ 115,000	\$ 1,990,000	\$ 120,000
2000 General Fund Streetscape					
Amount of issue: \$1,200,000					
Maturing through 10/1/16	990,000	-	50,000	940,000	50,000
1999 Major Street Bonds					
Amount of issue: \$332,000					
Maturing through 9/1/14	265,000	-	20,000	245,000	25,000
1999 MTF Bonds					
Amount of issue: \$380,000					
Maturing through 3/1/13	290,000	-	25,000	265,000	25,000
2000 DDA North Main Bonds					
Amount of issue: \$940,000					
Maturing through 5/1/20	890,000	-	25,000	865,000	25,000
2001 DDA Phase 3 Bonds					
Amount of issue: \$1,300,000					
Maturing through 5/1/21	1,300,000	-	25,000	1,275,000	45,000
EDC Technology Park Bonds					
Amount of issue: \$164,900					
Maturing through 9/1/09	154,782	-	20,938	133,844	21,913
1999 Bandshell					
Amount of issue: \$125,000					
Maturing through 1/30/04	25,000	-	25,000	-	-
Total Governmental activities					
General Obligation Bonds	<u>\$ 6,019,782</u>	<u>\$ -</u>	<u>\$ 305,938</u>	<u>\$ 5,713,844</u>	<u>\$ 311,913</u>

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 8--Long-Term Debt (continued)

Governmental Activities

Special Assessment Bonds

2001 DDA Phase 3 Bonds

Amount of issue: \$750,000

Maturing through 10/1/25	\$ 710,000	\$ -	\$ 45,000	\$ 665,000	\$ 45,000
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1997 DDA Bonds

Amount of issue: \$1,415,000

Maturing through 10/1/21	1,120,000	-	60,000	1,060,000	60,000
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1988 Homestead Village Bonds

Amount of issue: \$295,000

Maturing through 11/1/08	95,000	-	15,000	80,000	15,000
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1999 Major Street Bonds

Amount of issue: \$332,000

Maturing through 9/1/14	265,000	-	20,000	245,000	25,000
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1999 DDA North Main Bonds

Amount of issue: \$380,000

Maturing through 9/1/24	335,000	-	15,000	320,000	-
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1999 DDA North Main Bonds

Amount of issue: \$295,000

Maturing through 9/1/24	270,000	-	10,000	260,000	15,000
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2004 Weiss Street Bonds

Amount of issue: \$1,800,000

Maturing through 4/1/24	-	1,800,000	-	1,800,000	60,000
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2001 DDA Snowmelt Bonds

Amount of issue: \$490,000

Maturing through 9/1/16	<u>480,000</u>	<u>-</u>	<u>25,000</u>	<u>455,000</u>	<u>25,000</u>
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Total Governmental activities

Special Assessment Bonds	<u>\$ 3,275,000</u>	<u>\$ 1,800,000</u>	<u>\$ 190,000</u>	<u>\$ 4,885,000</u>	<u>\$ 245,000</u>
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CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 8--Long-Term Debt (continued)

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004	Current Portion
Business-type Activities					
General Obligation Bonds					
2001 Waste Treatment Bonds					
Amount of issue: \$300,000					
Maturing through 10/1/15	\$ 285,000	\$ -	\$ 15,000	\$ 270,000	\$ 20,000
1997 Waste Plant Expansion Bonds					
Amount of issue: \$685,000					
Maturing through 5/1/07	350,000	-	75,000	275,000	75,000
1987 Waste Plant Expansion Bonds					
Amount of issue: \$2,000,000					
Maturing through 5/1/12	1,190,000	-	1,190,000	-	-
2004 Waste Plant Expansion Bonds					
Amount of issue: \$1,200,000					
Maturing through 5/1/12	-	1,120,000	-	1,120,000	120,000
1997 Water Improvement Bonds					
Amount of issue: \$940,000					
Maturing through 5/1/17	775,000	-	35,000	740,000	40,000
2001 Waste Sag. Co. DPW Bonds					
Amount of issue: \$1,660,000					
Maturing through 6/1/16	1,575,000	-	90,000	1,485,000	95,000
1999 Waste Treatment SRF Bonds					
Amount of issue: \$6,645,000					
Maturing through 4/1/19	5,540,000	-	290,000	5,250,000	300,000
Special Assessment Bonds					
2002 E Tuscola Area Bonds					
Amount of issue: \$1,225,000					
Maturing through 10/1/16	1,225,000	-	90,000	1,135,000	85,000
Total Business-type activities	<u>\$ 10,940,000</u>	<u>\$ 1,120,000</u>	<u>\$ 1,785,000</u>	<u>\$ 10,275,000</u>	<u>\$ 735,000</u>

Annual debt service requirements to maturity for the above governmental and business-type bonds and contracts are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2004-05	\$ 556,913	\$ 513,584	\$ 1,070,497	\$ 735,000	\$ 337,823	\$ 1,072,823
2005-06	592,933	478,890	1,071,823	785,000	307,313	1,092,313
2006-07	604,000	452,293	1,056,293	800,000	283,098	1,083,098
2007-08	620,116	424,839	1,044,955	720,000	257,989	977,989
2008-09	666,285	395,450	1,061,735	735,000	236,949	971,949
2009-10 thru 2013-14	3,323,597	1,516,638	4,840,235	3,715,000	785,563	4,500,563
2014-15 thru 2018-19	2,845,000	707,892	3,552,892	2,785,000	199,981	2,984,981
2019-20 thru 2023-24	1,340,000	175,517	1,515,517	-	-	-
2024-25 thru 2028-29	50,000	1,970	51,970	-	-	-
Totals	<u>\$ 10,598,844</u>	<u>\$ 4,667,073</u>	<u>\$ 15,265,917</u>	<u>\$ 10,275,000</u>	<u>\$ 2,408,716</u>	<u>\$ 12,683,716</u>

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 8—Long-Term Debt (continued)

For the year ended June 30, 2004, the total interest paid on bonded debt was \$892,974.

NOTE 9--Restricted Assets, Enterprise Funds

Accounts Receivable totaling \$9,080,347 in the Waste Treatment Fund and totaling \$1,426,400 in the Water Fund are restricted and represent amounts due from customers for repayment of general obligation bonds.

NOTE 10--Enterprise Funds--Depreciation Allocation

It is the policy of the City of Frankenmuth to distribute depreciation expense between unrestricted net assets and restricted net assets resulting from prior years contributions in aid of construction, based upon the source of the funds used to acquire the fixed assets.

NOTE 11--Reserved Fund Balances and Restricted Net Assets

Debt Service--The amount of \$78,378 has been reserved and can be used solely for the retirement of debt.

The amounts of \$10,464,200 and \$2,854,015 of restricted net assets in the Waste Water and Water Fund, respectively are from capital contributions made in prior years. The restricted amounts will be used in the future to offset related bond principal payment costs.

NOTE 12--Downtown Development Authority Captured Value

The Downtown Development Authority initial assessed valuation was established when the district was set. Subsequent to that initial value, additions and deletions to that valuation are captured and tax dollars from that captured value are recorded in the Downtown Development Authority Fund. Proposal A changed the formula to exclude school operating millage in the captured formula.

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 13--Self-Insurance Program

The City of Frankenmuth offers a self-insured dental and medical plan to all full-time employees. The City established a fund for these claims through Michigan Employee Benefit Services. Employee claims are handled through MEBS. The City is billed for the excess of the claims over the fund.

NOTE 14--Risk Management

The City of Frankenmuth is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2004, the City of Frankenmuth participated in the Michigan Municipal Liability and Property Pool, a public entity risk pool currently operating as a common risk management program for municipalities in the State of Michigan. The City Council pays an annual premium to the pool for its general insurance coverage. The pool is self-sustaining through member premiums.

During the year ended June 30, 2004, the City also participated in the Michigan Municipal Worker's Compensation Self-Insurer's Fund (SIF) for its workers' compensation benefits. The SIF is also a common risk management program for municipalities in the State of Michigan and is self-sustaining through premiums. In the event of unusually high claims, both the SIP and the SIF have the authority to bill the members retroactively. The City continues to carry commercial insurance for other risks of loss, including employee health and property insurance.

NOTE 15--Post Employment Benefits

In addition to the pension benefits described in Note 3, the City of Frankenmuth provides post employment health insurance benefits in accordance with City's personnel regulations. In order to be eligible for health insurance coverage, a retiree must have at least ten years of full-time employment and be eligible for

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 15--Post Employment Benefits (continued)

retirement benefits through the Municipal Employees Retirement System. For employees with at least ten years but less than thirty years of full-time employment the City will provide to retirees under sixty-five the Community Blue P.P.O. health plan with limited prescription coverage. The City will provide to retirees sixty-five years of age and over the Blue Cross Blue Shield Supplemental Coverage for Medicare benefits. After the retiree is eligible for Medicare, the retiree must pay the entire premium of the Blue Cross Blue Shield coverage. Currently, there are five participants.

During the year ended June 30, 2004, the cost for health insurance benefits to retirees was \$16,079.

NOTE 16--Contingencies and Commitments

The City is a third party guarantee of a loan between the Frankenmuth Chamber of Commerce and Standard Federal Bank in the amount of \$176,500 for remodeling of the Chamber building which the Chamber leases from the City.

NOTE 17--GASB Pronouncements Adoption

As of and for the year ended June 30, 2004, the District implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- *No.34 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*
- *No.37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*
- *No.38 – Certain Financial Statement Note Disclosures*

Interpretations

- *No.6 – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 17--GASB Pronouncements Adoption (continued)

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2004.

The more significant of the changes required by the new standards include:

Basic financial statements that include:

- Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
- Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
- Schedules to reconcile the fund financial statements to the government-wide financial statements;
- Budgetary schedules;
- Notes to the basic financial statements

As a result of implementing the GASB 34 statement, the following restatements were made to the beginning balance of net assets.

<u>As of July 1, 2003</u>	
Fund Balance-Governmental Activities	\$ 2,202,968
Capital Assets	9,339,711
Accumulated Depreciation	(2,087,086)
Long-term Debt	(9,294,783)
Addition of Internal Service Fund	901,588
Net Assets-Governmental Activities	<u>\$ 1,062,398</u>

CITY OF FRANKENMUTH
NOTES TO FINANCIAL STATEMENTS

NOTE 18--Subsequent Events

At the October 2004 City Council meeting, the Council approved the sale of bonds in the amount of \$1,050,000 for the purchase of land and construction for the Harvey Kern Community Pavilion.

NOTE 19—Proprietary Fund Restatements

The comparative financial statements for the year ended June 30, 2003, for the Waste Water, Water, and Internal Service Funds have been restated to reflect GASB statements 33 and 34 adjustments.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF FRANKENMUTH
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual
Revenues			
Taxes	\$ 1,922,000	\$ 1,922,000	\$ 1,918,916
Licenses and permits	10,000	10,000	9,709
State	468,000	468,000	431,617
Charges for Service	882,482	882,482	888,099
Fines and forfeits	14,600	14,600	15,328
Other revenues	229,200	229,200	204,776
Total Revenues	<u>3,526,282</u>	<u>3,526,282</u>	<u>3,468,445</u>
Expenditures			
General Government	969,081	969,081	949,365
Public Safety	979,528	982,973	1,005,678
Highways and streets	114,000	117,000	131,817
Sanitation	282,700	282,700	281,479
Other Expenses	366,000	366,000	259,910
Total Expenditures	<u>2,711,309</u>	<u>2,717,754</u>	<u>2,628,249</u>
Excess (Deficiency) of Revenues over Expenditures	<u>814,973</u>	<u>808,528</u>	<u>840,196</u>
Other Financing Sources (Uses)			
Operating Transfers In (Out)	<u>(941,456)</u>	<u>(1,021,456)</u>	<u>(1,024,252)</u>
Total Other Financing Sources (Uses)	<u>(941,456)</u>	<u>(1,021,456)</u>	<u>(1,024,252)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(126,483)</u>	<u>(212,928)</u>	<u>(184,056)</u>
Fund Balances, Beginning	<u>1,360,468</u>	<u>1,360,468</u>	<u>1,360,468</u>
Fund Balances, Ending	<u>\$ 1,233,985</u>	<u>\$ 1,147,540</u>	<u>\$ 1,176,412</u>

See independent auditor's report

CITY OF FRANKENMUTH
DDA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual
Revenues			
Taxes levied	\$ 84,072	\$ 84,072	\$ 84,451
Taxes captured	611,584	611,584	642,652
Total Taxes	<u>695,656</u>	<u>695,656</u>	<u>727,103</u>
Other Revenue			
State grant	115,000	115,000	51,618
Special assessments	232,734	232,734	157,769
Interest earnings	7,500	7,500	129,748
Miscellaneous	7,500	7,500	75
Total other revenues	<u>362,734</u>	<u>362,734</u>	<u>339,210</u>
Total revenues	<u>1,058,390</u>	<u>1,058,390</u>	<u>1,066,313</u>
Expenditures			
Administration	128,035	128,035	158,992
DDA projects/River Platz/Storm Sewer	962,321	962,321	221,644
Bonding expense	18,000	18,000	-
Total expenditures	<u>1,108,356</u>	<u>1,108,356</u>	<u>380,636</u>
Excess of revenues over expenditures	(49,966)	(49,966)	685,677
Other financing sources (uses)			
Transfer out	-	-	(665,489)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(665,489)</u>
Excess revenues and other financing sources over expenditures and other (uses)	(49,966)	(49,966)	20,188
Fund balance, beginning	413,268	413,268	413,268
Fund balance, ending	<u>\$ 363,302</u>	<u>\$ 363,302</u>	<u>\$ 433,456</u>

See independent auditor's report

OTHER SUPPLEMENTAL INFORMATION

CITY OF FRANKENMUTH
GENERAL FUND

General Fund
Comparative Balance Sheets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 1,068,861	\$ 1,275,027
Investments	60,712	60,631
Receivables		
Other	2,527	6,328
Accounts	96,970	85,879
Special assessment receivable	31,507	34,867
Due from other funds	59,305	83,591
Due from other governmental units	73,540	73,252
Inventory, supplies	17,281	19,650
Prepaid expenses	41,000	36,742
Total Assets	<u>\$ 1,451,703</u>	<u>\$ 1,675,967</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 132,225	\$ 173,090
Accrued expenses	62,996	58,051
Deferred revenue	80,070	84,358
Total Liabilities	<u>275,291</u>	<u>315,499</u>
 Fund balance-Undesignated	 <u>1,176,412</u>	 <u>1,360,468</u>
Total Liabilities and Fund Balance	<u>\$ 1,451,703</u>	<u>\$ 1,675,967</u>

See independent auditor's report

City of Frankenmuth
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes	\$ 1,922,000	\$ 1,918,916	\$ (3,084)	\$ 1,884,911
State revenue	468,000	431,617	(36,383)	448,821
Federal revenue	-	-	-	2,330
Licenses and permits	10,000	9,709	(291)	14,198
Charge for services	882,482	888,099	5,617	863,603
Fine and forfeits	14,600	15,328	728	13,629
Other revenues	229,200	204,776	(24,424)	197,608
Total revenues	<u>3,526,282</u>	<u>3,468,445</u>	<u>(57,837)</u>	<u>3,425,100</u>
Expenditures				
General government	969,081	949,365	(19,716)	926,113
Public safety	982,973	1,005,678	22,705	950,053
Highway and streets	117,000	131,817	14,817	115,226
Sanitation	282,700	281,479	(1,221)	279,828
Other expenses	366,000	259,910	(106,090)	260,444
Total expenditures	<u>2,717,754</u>	<u>2,628,249</u>	<u>(89,505)</u>	<u>2,531,664</u>
Excess of revenues over expenditures	<u>808,528</u>	<u>840,196</u>	<u>31,668</u>	<u>893,436</u>
Other financing sources (uses)				
Operating transfers (out)	<u>(1,021,456)</u>	<u>(1,024,252)</u>	<u>(2,796)</u>	<u>(936,819)</u>
Total other financing sources (uses)	<u>(1,021,456)</u>	<u>(1,024,252)</u>	<u>(2,796)</u>	<u>(936,819)</u>
Excess revenues and other financing sources over expenditures and other (uses)	<u>(212,928)</u>	<u>(184,056)</u>	<u>28,872</u>	<u>(43,383)</u>
Fund balance, beginning	<u>1,360,468</u>	<u>1,360,468</u>	<u>-</u>	<u>1,403,851</u>
Fund balance, ending	<u>\$ 1,147,540</u>	<u>\$ 1,176,412</u>	<u>\$ 28,872</u>	<u>\$ 1,360,468</u>

See independent auditor's report

City of Frankenmuth
General Fund
Statement of Revenues
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes				
Real property taxes	\$ 1,700,000	\$ 1,661,732	\$ (38,268)	\$ 1,627,120
Personal property taxes	140,000	163,904	23,904	166,668
Administration fee	82,000	93,280	11,280	91,123
Total taxes	<u>1,922,000</u>	<u>1,918,916</u>	<u>(3,084)</u>	<u>1,884,911</u>
State revenues				
State revenue sharing	-	15,197	15,197	3,353
State grant - PA#302	-	1,766	1,766	1,665
State shared liquor licenses	10,000	11,715	1,715	11,848
State shared statutory	140,000	84,615	(55,385)	112,889
State shared constitutional	318,000	318,324	324	319,066
Total state revenues	<u>468,000</u>	<u>431,617</u>	<u>(36,383)</u>	<u>448,821</u>
Federal revenues				
Federal grant	-	-	-	2,330
Fees				
Zoning fees	10,000	9,709	(291)	14,198
Total fees	<u>10,000</u>	<u>9,709</u>	<u>(291)</u>	<u>14,198</u>

See independent auditor's report.

City of Frankenmuth
General Fund
Statement of Revenues
Budget and Actual (Continued)
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues (continued)				
Charges for services				
Marriage fees	\$ 125	\$ 425	\$ 300	\$ 250
Customer services	80,000	74,042	(5,958)	60,037
Reserve police services	5,000	3,337	(1,663)	6,127
Refuse collection	310,000	314,563	4,563	307,768
Township police services	175,540	173,672	(1,868)	169,604
Recovery of benefits	82,000	90,632	8,632	82,346
DPW fringe benefit recovery	120,000	121,513	1,513	127,971
Administration fee	109,817	109,915	98	109,500
Total charges for services	<u>882,482</u>	<u>888,099</u>	<u>5,617</u>	<u>863,603</u>
Fines and forfeits				
Penalties on tax collections	6,000	9,438	3,438	6,472
Ordinance fines	6,200	3,576	(2,624)	5,019
Penalties on refuse collection	2,400	2,314	(86)	2,138
Total fines and forfeits	<u>14,600</u>	<u>15,328</u>	<u>728</u>	<u>13,629</u>
Other revenues				
Interest	35,000	11,410	(23,590)	32,291
Sale of fixed assets	200	2,514	2,314	1,751
Donations	144,500	131,896	(12,604)	117,211
Miscellaneous	7,500	13,075	5,575	11,511
Tower site leases	22,500	30,100	7,600	22,100
Special assessments	15,000	11,281	(3,719)	8,244
Computer administration	4,500	4,500	-	4,500
Total other revenues	<u>229,200</u>	<u>204,776</u>	<u>(24,424)</u>	<u>197,608</u>
Total revenues	<u>\$ 3,526,282</u>	<u>\$ 3,468,445</u>	<u>\$ (57,837)</u>	<u>\$ 3,425,100</u>

See independent auditor's report.

City of Frankenmuth
General Fund
Statement of Expenditures
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
General Government				
Election	\$ 5,000	\$ 3,218	\$ (1,782)	\$ 8,130
Independent audit	8,000	8,000	-	7,800
Assessor	10,100	10,730	630	13,738
General office staff	457,550	449,089	(8,461)	474,297
City-Township hall and grounds	23,703	23,703	-	25,365
City property	129,400	125,186	(4,214)	77,031
City-Township cemetery	13,203	13,203	-	9,522
City Hall	70,625	54,316	(16,309)	65,273
Other personal services and supplies	251,500	261,920	10,420	244,957
Total General Government	<u>969,081</u>	<u>949,365</u>	<u>(19,716)</u>	<u>926,113</u>
Public Safety				
Police department	766,432	791,666	25,234	729,153
Fire protection	197,041	197,041	-	180,645
Flood protection	19,500	16,971	(2,529)	40,255
Total Public Safety	<u>982,973</u>	<u>1,005,678</u>	<u>22,705</u>	<u>950,053</u>
Highways and Streets				
Sidewalks	46,000	61,276	15,276	45,462
Street lighting	71,000	70,541	(459)	69,764
Total Highways and Streets	<u>117,000</u>	<u>131,817</u>	<u>14,817</u>	<u>115,226</u>
Sanitation				
Refuse collection	282,700	281,479	(1,221)	279,828

See independent auditor's report.

City of Frankenmuth
General Fund
Statement of Expenditures
Budget and Actual (Continued)
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Other Expenses				
Engineering and supervision	\$ 72,700	\$ 58,788	\$ (13,912)	\$ 80,914
City Beautification Committee	162,000	105,457	(56,543)	120,490
Insurance and bonds	38,000	13,312	(24,688)	23,990
Michigan Week activities	3,600	28,755	25,155	2,407
Sister City Committee activities	500	354	(146)	11,887
Economic Development program	80,000	45,807	(34,193)	11,663
DDA special assessments	4,200	4,005	(195)	4,113
Other community promotion	5,000	3,432	(1,568)	4,980
Total Other Expenses	<u>366,000</u>	<u>259,910</u>	<u>(106,090)</u>	<u>260,444</u>
Total Expenditures	<u>2,717,754</u>	<u>2,628,249</u>	<u>(89,505)</u>	<u>2,531,664</u>
Other Financing Uses (Sources)				
Operating transfers out (in)				
Major Street Fund	60,000	70,000	10,000	40,000
Local Street Fund	110,000	110,000	-	98,000
Library Fund	195,000	195,000	-	195,000
Parks and Recreation Fund	320,250	294,000	(26,250)	294,000
Waste Treatment	139,480	139,480	-	141,617
Block Road	50,000	43,405	(6,595)	22,753
Debt Service Funds				
EDC	27,821	27,821	-	13,910
Homestead Village G.O.	20,000	19,091	(909)	7,601
Band Shell	-	26,250	26,250	27,500
2000 DDA G.O.	98,905	99,205	300	96,438
Total Other Financing Uses	<u>1,021,456</u>	<u>1,024,252</u>	<u>2,796</u>	<u>936,819</u>
Total Expenditures and Other Financing Uses	<u>\$ 3,739,210</u>	<u>\$ 3,652,501</u>	<u>\$ (86,709)</u>	<u>\$ 3,468,483</u>

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CITY OF FRANKENMUTH
SPECIAL REVENUE FUNDS

Major Street

Local Street

Parks and Recreation

Downtown Development Authority

Drug Law Enforcement

James E. Wickson Memorial Library

Building Department

City of Frankenmuth
Major Street Fund
Comparative Balance Sheets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 97,183	\$ 239,177
Account receivable	150	-
Due from other governmental units	45,345	43,523
Special assessment receivable	114,437	131,898
Total Assets	<u>\$ 257,115</u>	<u>\$ 414,598</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 6,443	\$ 782
Due to other funds	28,764	95,267
Deferred revenue	218,192	265,095
Total Liabilities	<u>253,399</u>	<u>361,144</u>
 Fund balance-Undesignated	 3,716	 53,454
Total Liabilities and Fund Balance	<u>\$ 257,115</u>	<u>\$ 414,598</u>

See independent auditor's report

City of Frankenmuth
Major Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
State revenue				
Local roads program	\$ 7,700	\$ 7,816	\$ 116	\$ 7,691
State gas and weight tax	220,000	238,834	18,834	216,744
Trunkline maintenance	21,000	34,462	13,462	23,832
Total State Revenues	248,700	281,112	32,412	248,267
Other revenues				
Interest	10,000	8,663	(1,337)	10,616
Miscellaneous	30,000	30,153	153	-
Special Assessments	35,000	39,759	4,759	34,062
Total Other Revenues	75,000	78,575	3,575	44,678
Total Revenues	323,700	359,687	35,987	292,945
Expenditures				
Highway and Streets				
Improvements	75,000	74,788	(212)	278
Routine maintenance	110,000	114,408	4,408	59,672
Traffic services, maintenance	14,000	25,888	11,888	12,090
Signal charges and channel service	11,000	21,061	10,061	7,306
Winter maintenance	22,000	26,031	4,031	19,999
Admin. and engineering	22,000	23,883	1,883	21,674
State Trunkline maintenance	30,000	43,419	13,419	23,320
Tree planting and maintenance	12,000	10,716	(1,284)	13,917
Total Expenditures	296,000	340,194	44,194	158,256
Excess of Revenues Over Expenditures	27,700	19,493	(8,207)	134,689
Other Financing Sources (Uses)				
Operating transfer (in/out)	27,000	37,000	10,000	7,000
Debt service payment	(105,030)	(106,231)	(1,201)	(115,067)
Total Other Financing Sources (Uses)	(78,030)	(69,231)	8,799	(108,067)
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	(50,330)	(49,738)	592	26,622
Fund Balance, Beginning	53,454	53,454	-	26,832
Fund Balance, Ending	\$ 3,124	\$ 3,716	\$ 592	\$ 53,454

See independent auditor's report

City of Frankenmuth
Local Street Fund
Comparative Balance Sheets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 16,174	\$ 21,040
Accounts receivable	400	-
Due from other governmental units	16,321	15,479
Special assessment receivable	58,060	72,193
Total Assets	<u>\$ 90,955</u>	<u>\$ 108,712</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 1,599	\$ 43
Due to other funds	23,357	38,220
Deferred revenue	48,887	62,029
Total Liabilities	<u>73,843</u>	<u>100,292</u>
 Fund balance-Undesignated	 17,112	 8,420
Total Liabilities and Fund Balance	<u>\$ 90,955</u>	<u>\$ 108,712</u>

See independent auditor's report

City of Frankenmuth
Local Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
State revenue				
Local roads program	\$ 3,000	\$ 3,043	\$ 43	\$ 3,072
State gas and weight tax	87,000	92,992	5,992	86,577
Total State Revenues	<u>90,000</u>	<u>96,035</u>	<u>6,035</u>	<u>89,649</u>
Other revenues				
Interest	6,000	4,839	(1,161)	7,506
Miscellaneous	-	150	150	-
Special Assessments	25,000	13,142	(11,858)	25,575
Total Other Revenues	<u>31,000</u>	<u>18,131</u>	<u>(12,869)</u>	<u>33,081</u>
Total Revenues	<u>121,000</u>	<u>114,166</u>	<u>(6,834)</u>	<u>122,730</u>
Expenditures				
Highway and Streets				
Improvements	60,000	58,304	(1,696)	91,028
Routine maintenance	82,700	67,379	(15,321)	156,003
Traffic services, maintenance	8,000	4,816	(3,184)	7,661
Winter maintenance	30,000	34,961	4,961	29,789
Admin. and engineering	8,700	9,299	599	8,658
Tree planting and maintenance	25,000	51,471	26,471	36,526
Total Expenditures	<u>214,400</u>	<u>226,230</u>	<u>11,830</u>	<u>329,665</u>
Excess of Revenues Over Expenditures	<u>(93,400)</u>	<u>(112,064)</u>	<u>(18,664)</u>	<u>(206,935)</u>
Other Financing Sources (Uses)				
Operating transfer (in/out)	120,500	120,756	256	215,219
Total Other Financing Sources (Uses)	<u>120,500</u>	<u>120,756</u>	<u>256</u>	<u>215,219</u>
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	27,100	8,692	(18,408)	8,284
Fund Balance, Beginning	8,420	8,420	-	136
Fund Balance, Ending	<u>\$ 35,520</u>	<u>\$ 17,112</u>	<u>\$ (18,408)</u>	<u>\$ 8,420</u>

See independent auditor's report

City of Frankenmuth
Parks and Recreation Fund
Comparative Balance Sheets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 134,000	\$ 150,511
Accounts receivable	10,219	13,074
Prepaid expenses	5,131	3,536
Total Assets	<u>\$ 149,350</u>	<u>\$ 167,121</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 14,590	\$ 8,688
Due to other funds	28,205	19,299
Deferred revenue	15,692	13,633
Accrued expenses	479	-
Total Liabilities	<u>58,966</u>	<u>41,620</u>
 Fund balance-Undesignated	 90,384	 125,501
Total Liabilities and Fund Balance	<u>\$ 149,350</u>	<u>\$ 167,121</u>

See independent auditor's report.

City of Frankenmuth
Parks and Recreation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Other Governmental Units				
Frankenmuth Township	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Blumfield Township	3,800	2,400	(1,400)	4,760
Total Other Governmental Units	<u>13,800</u>	<u>12,400</u>	<u>(1,400)</u>	<u>14,760</u>
Charges for Services				
Men's basketball	3,500	3,539	39	3,080
Men's volleyball	650	952	302	828
Women's volleyball	1,300	1,425	125	1,349
Men's slow pitch	10,000	8,637	(1,363)	10,875
Women's softball	2,300	2,297	(3)	2,582
Youth league	13,000	10,332	(2,668)	11,647
Swimming lessons	3,500	5,105	1,605	5,343
Pool admissions and rental	6,500	5,755	(745)	8,907
Co-ed volleyball	350	181	(169)	598
Lacrosse	-	3,260	3,260	-
AYSO soccer	3,700	8,951	5,251	6,596
Miscellaneous	2,700	5,825	3,125	3,645
Cross country skis rental	500	114	(386)	90
Ball diamonds rental	1,200	525	(675)	1,058
Park facilities rental	28,300	28,343	43	25,582
Total Charge for Services	<u>77,500</u>	<u>85,241</u>	<u>7,741</u>	<u>82,180</u>
Other Revenue				
Interest	4,000	1,027	(2,973)	1,990
Donations	9,000	1,355	(7,645)	7,752
Utilities reimbursement	10,000	2,489	(7,511)	16,110
Miscellaneous	700	1,531	831	4,088
Nonresident fees	6,000	5,390	(610)	5,476
Total Other Revenues	<u>29,700</u>	<u>11,792</u>	<u>(17,908)</u>	<u>35,416</u>
Total Revenues	<u>\$ 121,000</u>	<u>\$ 109,433</u>	<u>\$ (11,567)</u>	<u>\$ 132,356</u>

See independent auditor's report.

City of Frankenmuth
Parks and Recreation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004		2003
	Budget	Actual	Over (Under) Budget
			Actual
Expenditures			
Administration	117,700	132,659	14,959
Park Division			
Capital improvements	57,000	41,458	(15,542)
Utilities	28,000	29,197	1,197
Maintenance			
Memorial Park	62,000	54,624	(7,376)
Heritage Park	55,800	47,436	(8,364)
Other parks	34,000	29,854	(4,146)
Band Shell	-	6,322	6,322
Total Parks Division	236,800	208,891	(27,909)
Recreation			
Swimming pool	40,000	28,802	(11,198)
Tennis	850	-	(850)
Ball diamonds	15,000	19,590	4,590
Skating rink	3,500	8,610	5,110
Volleyball - Men's, Women's, Co-ed	2,300	748	(1,552)
Men's basketball	3,500	4,593	1,093
Cross country skiing	100	-	(100)
Men's slow pitch	5,500	5,388	(112)
Women's softball	500	2,263	1,763
Youth league	17,000	8,290	(8,710)
Lacrosse	-	2,787	2,787
AYSO Soccer	-	1,775	1,775
Miscellaneous	6,200	14,154	7,954
Total Recreation Division	94,450	97,000	2,550
Total Expenditures	448,950	438,550	(10,400)
Excess (Deficiency) of Revenues Over Expenditures	(327,950)	(329,117)	(1,167)
Other Financing Sources			
Operating transfers in	294,000	294,000	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(33,950)	(35,117)	(1,167)
Fund Balance, Beginning	125,501	125,501	-
Fund Balance, Ending	\$ 91,551	\$ 90,384	\$ (1,167)
See independent auditor's report.			

City of Frankenmuth
Downtown Development Authority Fund
Comparative Balance Sheets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 1,024,870	\$ 290,416
Accounts receivable	23,729	47,924
Special assessment receivable	2,397,874	2,259,409
Due from other governmental units	-	32,450
Prepaid expenses	1,780	766
Total Assets	<u>\$ 3,448,253</u>	<u>\$ 2,630,965</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 25,154	\$ 76,158
Due to other funds	728,146	6,002
Deferred revenue	2,261,095	2,135,537
Accrued expenses	402	-
Total Liabilities	<u>3,014,797</u>	<u>2,217,697</u>
Fund balance	<u>433,456</u>	<u>413,268</u>
Total Liabilities and Fund Balance	<u>\$ 3,448,253</u>	<u>\$ 2,630,965</u>

See independent auditor's report.

City of Frankenmuth
Downtown Development Authority Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Taxes levied	\$ 84,072	\$ 84,451	\$ 379	\$ 84,519
Taxes captured	611,584	642,652	31,068	595,499
Total Taxes	695,656	727,103	31,447	680,018
Other Revenue				
Federal grant	-	-	-	60,518
State grant	115,000	51,618	(63,382)	42,044
Special assessments	232,734	157,769	(74,965)	121,042
Interest earnings	7,500	129,748	122,248	136,873
Miscellaneous	7,500	75	(7,425)	27,259
Total other revenues	362,734	339,210	(23,524)	387,736
Total revenues	1,058,390	1,066,313	7,923	1,067,754
Expenditures				
Administration	128,035	158,992	30,957	137,586
DDA projects/River Platz/Storm Sewer	962,321	221,644	(740,677)	531,763
Bonding expense	18,000	-	(18,000)	-
Total expenditures	1,108,356	380,636	(727,720)	669,349
Excess of revenues over expenditures	(49,966)	685,677	735,643	398,405
Other financing sources (uses)				
Transfer out	-	(665,489)	(665,489)	(759,426)
Total other financing sources (uses)	-	(665,489)	(665,489)	(759,426)
Excess revenues and other financing sources over expenditures and other (uses)	(49,966)	20,188	70,154	(361,021)
Fund balance, beginning	413,268	413,268	-	774,289
Fund balance, ending	\$ 363,302	\$ 433,456	\$ 70,154	\$ 413,268

See independent auditor's report.

City of Frankenmuth
Downtown Development Authority
Operating Statistics
For the Year Ended June 30, 2004

Memo Information:

	<u>Ad Valorem</u>		<u>CFT/IFT</u>	<u>Total</u>
	<u>Real</u>	<u>Personal</u>	<u>Real/ Personal</u>	
<u>Initial assessed value:</u>	<u>\$ 29,416,400</u>	<u>\$ 10,046,900</u>	<u>\$ 2,753,250</u>	<u>\$ 42,216,550</u>
<u>Captured taxable value:</u>				
Year ended June 30, 2004	\$ 32,951,377	\$ 735,377	\$ (1,878,450)	\$ 31,808,304
Year ended June 30, 2003	31,261,176	354,755	(1,780,900)	29,835,031
Year ended June 30, 2002	20,894,742	(1,183,522)	(1,780,200)	17,931,020

See independent auditor's report.

City of Frankenmuth
Drug Law Enforcement Fund
Comparative Balance Sheets
June 30, 2004 and 2003

	<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash		\$ 6,995	\$ 3,401
Total Assets		<u>\$ 6,995</u>	<u>\$ 3,401</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable		\$ -	\$ 630
Total Liabilities		<u>-</u>	<u>630</u>
Fund balance		<u>6,995</u>	<u>2,771</u>
Total Liabilities and Fund Balance		<u>\$ 6,995</u>	<u>\$ 3,401</u>

See independent auditor's report.

City of Frankenmuth
Drug Law Enforcement Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Drug forfeiture	\$ 1,000	\$ 4,800	\$ 3,800	\$ 2,637
Miscellaneous	-	-	-	3,010
Total revenue	<u>1,000</u>	<u>4,800</u>	<u>3,800</u>	<u>5,647</u>
Other Revenue				
Interest earnings	-	23	23	20
Total other revenues	<u>-</u>	<u>23</u>	<u>23</u>	<u>20</u>
Total revenues	<u>1,000</u>	<u>4,823</u>	<u>3,823</u>	<u>5,667</u>
Expenditures				
Canine vehicle	-	1	1	1,080
Contracted services	1,000	-	(1,000)	-
Supplies	-	598	598	3,419
Total expenditures	<u>1,000</u>	<u>599</u>	<u>(401)</u>	<u>4,499</u>
Excess of revenues over expenditures	<u>-</u>	<u>4,224</u>	<u>4,224</u>	<u>1,168</u>
Fund balance, beginning	<u>2,771</u>	<u>2,771</u>	<u>-</u>	<u>1,603</u>
Fund balance, ending	<u>\$ 2,771</u>	<u>\$ 6,995</u>	<u>\$ 4,224</u>	<u>\$ 2,771</u>

See independent auditor's report.

City of Frankenmuth
James E. Wickson Memorial Library Fund
Comparative Balance Sheets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 117,033	\$ 96,775
Investments	21,188	21,160
Due from other governmental units	26,240	32,933
Prepaid expenses	7,861	4,909
Total Assets	<u>\$ 172,322</u>	<u>\$ 155,777</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts payable	\$ 5,353	\$ 6,287
Due to other funds	1,851	1,508
Deferred revenue	48,818	48,818
Total Liabilities	<u>56,022</u>	<u>56,613</u>
Fund Balance	<u>116,300</u>	<u>99,164</u>
Total Liabilities and Fund Balance	<u>\$ 172,322</u>	<u>\$ 155,777</u>

See independent auditor's report.

City of Frankenmuth
James E. Wickson Memorial Library Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	(Under) Budget	Actual
Revenues				
State aid, City	\$ 4,064	\$ 4,216	\$ 152	\$ 4,023
State aid, Township	1,722	1,783	61	1,694
Total State	5,786	5,999	213	5,717
Other governmental units				
Frankenmuth Twp	7,000	9,000	2,000	8,000
Blumfield Twp	3,100	6,200	3,100	3,100
Total governmental units	10,100	15,200	5,100	11,100
Fines				
Library books	4,200	4,729	529	3,902
City-Penal	20,000	18,368	(1,632)	22,426
Township-penal	9,300	7,872	(1,428)	9,611
Total Fines	33,500	30,969	(2,531)	35,939
Other Revenues				
Interest	2,100	861	(1,239)	1,650
Donations and contributions	18,500	16,405	(2,095)	50,671
VHS rental	3,500	4,150	650	3,787
Miscellaneous	4,500	5,321	821	5,353
Total other revenues	28,600	26,737	(1,863)	61,461
Total Revenues	\$ 77,986	\$ 78,905	\$ 919	\$ 114,217

See independent auditor's report.

City of Frankenmuth
James E. Wickson Memorial Library Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Expenditures				
Cultural				
Salaries	\$ 130,000	\$ 128,475	\$ (1,525)	\$ 123,204
Fringe benefits	27,500	26,552	(948)	24,137
Office supplies and postage	5,900	7,292	1,392	6,592
Operating supplies	3,300	2,072	(1,228)	2,641
Magazines and newspapers	5,500	4,425	(1,075)	5,639
Memberships and dues	5,000	4,818	(182)	4,811
Transportation and conferences	1,200	326	(874)	914
Insurance	4,300	3,889	(411)	3,659
Utilities	22,000	18,022	(3,978)	17,495
Maintenance and repairs	19,000	12,717	(6,283)	15,420
Equipment maintenance and support	8,000	6,416	(1,584)	10,888
Office equipment and furniture	12,000	6,986	(5,014)	24,629
Books	26,000	26,679	679	27,453
Audio-visual materials	3,000	1,921	(1,079)	1,834
Video cassettes	2,000	976	(1,024)	1,111
Miscellaneous	5,100	5,203	103	2,115
Building addition project	-	-	-	-
Total expenditures	<u>279,800</u>	<u>256,769</u>	<u>(23,031)</u>	<u>272,542</u>
Excess (Deficiency) of revenues over expenditures	<u>(201,814)</u>	<u>(177,864)</u>	<u>23,950</u>	<u>(158,325)</u>
Other financing sources				
Operating transfers in	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>195,000</u>
Total other financing sources	<u>195,000</u>	<u>195,000</u>	<u>-</u>	<u>195,000</u>
Excess (Deficiency) of revenues and other financing sources over expenditures	<u>(6,814)</u>	<u>17,136</u>	<u>23,950</u>	<u>36,675</u>
Fund balance, beginning	<u>99,164</u>	<u>99,164</u>	<u>-</u>	<u>62,489</u>
Fund balance, ending	<u>\$ 92,350</u>	<u>\$ 116,300</u>	<u>\$ 23,950</u>	<u>\$ 99,164</u>
See independent auditor's report.				

City of Frankenmuth
Building Department Fund
Balance Sheet
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Cash	\$ 34,793	\$ 14,392
Accounts Receivable	159	2,562
Accrued interest receivable	36	25
Due from other funds	1,563	1,074
Prepaid expenses	2,800	-
Total Assets	<u>\$ 39,351</u>	<u>\$ 18,053</u>
 <u>Liabilities and Fund Balance</u>		
Liabilities		
Accounts Payable	\$ 3,991	\$ 74
Total Liabilities	<u>3,991</u>	<u>74</u>
 Fund balance	 35,360	 17,979
Total Liabilities and Fund Balance	<u>\$ 39,351</u>	<u>\$ 18,053</u>

See independent auditor's report.

City of Frankenmuth
Building Department Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Revenues				
Fees & Permits				
Building permits	\$ 29,000	\$ 34,995	\$ 5,995	\$ 27,244
Plumbing Perits	6,000	7,642	1,642	5,920
Electrical Permits	10,000	12,604	2,604	13,205
Mechanical Permits	7,000	9,794	2,794	7,002
Interest	-	121	121	89
Total Fees & Permits	<u>52,000</u>	<u>65,156</u>	<u>13,156</u>	<u>53,460</u>
Expenditures				
Administration	8,900	13,957	5,057	10,366
Building Inspection	26,500	26,308	(192)	15,114
Plumbing/Mechanical Inspections	8,100	7,765	(335)	6,656
Electrical Inspections	<u>8,500</u>	<u>8,245</u>	<u>(255)</u>	<u>6,491</u>
Total Expenditures	<u>52,000</u>	<u>56,275</u>	<u>4,275</u>	<u>38,627</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>8,881</u>	<u>8,881</u>	<u>14,833</u>
Other financing sources				
Operating transfers in	<u>-</u>	<u>8,500</u>	<u>8,500</u>	<u>-</u>
Total other financing sources				
Excess (Deficiency) of revenues and other financing sources over expenditures	<u>-</u>	<u>17,381</u>	<u>17,381</u>	<u>14,833</u>
Fund Balance, Beginning	<u>17,979</u>	<u>17,979</u>	<u>-</u>	<u>3,146</u>
Fund Balance, Ending	<u>\$ 17,979</u>	<u>\$ 35,360</u>	<u>\$ 17,381</u>	<u>\$ 17,979</u>

See independent auditor's report.

CITY OF FRANKENMUTH
DEBT SERVICE FUNDS

1986 G.O. Summergreen/Churchgrove

1988 G.O. Homestead Village

1992 Woodland Acres

1997 S.A. DDA

1997 G.O. DDA

1997 S.A. DDA

1999 W. Tuscola G.O.

1999 W. Tuscola S.A.

1999 DDA S.A.

2000 DDA S.A.

1999 MTF

2001 Georgetown G.O.

City of Frankenmuth
Debt Service Funds
Combining Balance Sheet
June 30, 2004
(With Comparative Totals for the Year Ended June 30, 2003)

	1986 Summergreen Churchgrove G.O. Bonds	1988 Homestead Village G.O. Bonds	1992 Woodland Acres Bond	Totals	
				2004	2003
<u>Assets</u>					
Cash	\$ 16,699	\$ -	\$ -	\$ 16,699	\$ 12,511
Investments	-	47,711	-	47,711	47,648
Special assessment receivable	9,460	-	19,203	28,663	33,347
Due from other funds	-	-	10,938	10,938	7,976
Total Assets	<u>\$ 26,159</u>	<u>\$ 47,711</u>	<u>\$ 30,141</u>	<u>\$ 104,011</u>	<u>\$ 101,482</u>
<u>Liabilities and Fund Balances</u>					
Due to other funds	1,444	-	-	1,444	1,444
Deferred special assessments	6,537	-	17,652	24,189	28,664
Total Liabilities	<u>7,981</u>	<u>-</u>	<u>17,652</u>	<u>25,633</u>	<u>30,108</u>
Reserved fund balances	18,178	47,711	12,489	78,378	71,374
Total Liabilities and Fund Balances	<u>\$ 26,159</u>	<u>\$ 47,711</u>	<u>\$ 30,141</u>	<u>\$ 104,011</u>	<u>\$ 101,482</u>

See independent auditor's report.

City of Fra
Debt Serv
Statement of Revenues, Expenditu
Budget ar
For the Year Ende
(With Comparative Actual Amounts

	1986 Summergreen Churchgrove G.O. Bonds	1988 Homestead Village G.O. Bonds	1992 Woodland Acres Bond	1997 S.A. DDA	1997 G.O. DDA	1997 S.A. DDA
Revenues						
Special assessments	\$ 2,924	\$ -	\$ 1,551	\$ -	\$ -	\$ -
Interest	1,056	63	1,410	-	-	-
Total revenues	<u>3,980</u>	<u>63</u>	<u>2,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Debt service						
Principal retirement	-	15,000	-	60,000	50,000	209,350
Interest and fiscal charges	-	4,091	-	55,820	49,205	279,911
Total expenditures	<u>-</u>	<u>19,091</u>	<u>-</u>	<u>115,820</u>	<u>99,205</u>	<u>489,261</u>
Excess (deficiency) of revenues over expenditures	<u>3,980</u>	<u>(19,028)</u>	<u>2,961</u>	<u>(115,820)</u>	<u>(99,205)</u>	<u>(489,261)</u>
Other financing sources						
Transfer in (out)	<u>-</u>	<u>19,091</u>	<u>-</u>	<u>115,820</u>	<u>99,205</u>	<u>489,261</u>
Excess revenues and other financing sources over expenditures	<u>3,980</u>	<u>63</u>	<u>2,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning	14,198	47,648	9,528	-	-	-
Fund balance, ending	<u>\$ 18,178</u>	<u>\$ 47,711</u>	<u>\$ 12,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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nds
nd Changes in Fund Balance
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ne 30, 2004
e Year Ended June 30, 2003)

1999 W. Tuscola G.O. Bonds	1999 W. Tuscola S.A. Bonds	1999 S.A. DDA	2000 S.A. DDA	1999 MTF	2001 Georgetown G.O.	Totals	
						2004	2003
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,475	\$ 4,682
-	-	-	-	-	-	2,529	3,204
-	-	-	-	-	-	7,004	7,886
20,000	20,000	15,000	10,000	25,000	12,825	437,175	383,600
12,953	12,953	19,865	15,543	15,325	9,419	475,085	484,480
32,953	32,953	34,865	25,543	40,325	22,244	912,260	868,080
(32,953)	(32,953)	(34,865)	(25,543)	(40,325)	(22,244)	(905,256)	(860,194)
32,953	32,953	34,865	25,543	40,325	22,244	912,260	855,930
-	-	-	-	-	-	7,004	(4,264)
-	-	-	-	-	-	71,374	75,638
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,378	\$ 71,374

CITY OF FRANKENMUTH
CAPITAL PROJECTS FUNDS

DDA Project

Kingsbrook/E. Tuscola

Block Road Project

City of Frankenmuth
Capital Projects Fund
Balance Sheet
June 30, 2004
(With Comparative Totals as of June 30, 2003)

	DDA Project	Kingsbrook/ E. Tuscola	Block Road Project	Totals 2004	2003
<u>Assets</u>					
Cash	\$ -	\$ 352,625	\$ -	\$ 352,625	\$ 50,073
Accounts Receivable	1,838	427	-	2,265	189,525
Accrued Interest Receivable	-	-	-	-	23
Due from other funds	811,767	-	66,139	877,906	45,686
Due from other governmental units	290	-	-	290	21,346
Total Assets	<u>\$ 813,895</u>	<u>\$ 353,052</u>	<u>\$ 66,139</u>	<u>\$ 1,233,086</u>	<u>\$ 306,653</u>
<u>Liabilities and Fund Balance</u>					
Liabilities					
Accounts payable	\$ 252,243	\$ 443	\$ -	\$ 252,686	\$ 86,256
Due to other funds	123,186	13,189	66,139	202,514	169,828
Total Liabilities	<u>375,429</u>	<u>13,632</u>	<u>66,139</u>	<u>455,200</u>	<u>256,084</u>
Fund balance	438,466	339,420	-	777,886	50,569
Total Liabilities and Fund Balances	<u>\$ 813,895</u>	<u>\$ 353,052</u>	<u>\$ 66,139</u>	<u>\$ 1,233,086</u>	<u>\$ 306,653</u>

See independent auditor's report.

City of Frankenmuth
Capital Projects Fund
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2004
(With Comparative Totals for the year ended June 30, 2003)

	DDA Project	Kingsbrook/ E. Tuscola	Block Road Project	Totals 2004	2003
Customer					
Federal Revenue	\$ 74,481	\$ -	\$ -	\$ 74,481	\$ 510,810
Contributions	-	555,293	-	555,293	762,776
Revenue Interest	-	4,411	-	4,411	7,923
Total Revenue	<u>74,481</u>	<u>559,704</u>	<u>-</u>	<u>634,185</u>	<u>1,281,509</u>
Expenditures					
Bonding Expenditures	25,128	-	-	25,128	-
Capital Project	<u>1,411,951</u>	<u>-</u>	<u>43,404</u>	<u>1,455,355</u>	<u>1,458,902</u>
Total Expenditures	<u>1,437,079</u>	<u>-</u>	<u>43,404</u>	<u>1,480,483</u>	<u>1,458,902</u>
Excess (Deficiency) of Revenues over Expenses	<u>(1,362,598)</u>	<u>559,704</u>	<u>(43,404)</u>	<u>(846,298)</u>	<u>(177,393)</u>
Other Financing Sources					
Transfers in	-	-	43,404	43,404	166,681
Transfers (out)	-	(269,789)	-	(269,789)	(1,634,239)
Bond Proceeds	<u>1,800,000</u>	<u>-</u>	<u>-</u>	<u>1,800,000</u>	<u>-</u>
Total Other Financing Sources	<u>1,800,000</u>	<u>(269,789)</u>	<u>43,404</u>	<u>1,573,615</u>	<u>(1,467,558)</u>
Excess (Deficiency) of Revenues Over Other Financing Sources (Uses)	<u>437,402</u>	<u>289,915</u>	<u>-</u>	<u>727,317</u>	<u>(1,644,951)</u>
Fund Balance, Beginning	<u>1,064</u>	<u>49,505</u>	<u>-</u>	<u>50,569</u>	<u>1,695,520</u>
Fund Balance, Ending	<u>\$ 438,466</u>	<u>\$ 339,420</u>	<u>\$ -</u>	<u>\$ 777,886</u>	<u>\$ 50,569</u>

See independent auditor's report.

CITY OF FRANKENMUTH
WASTE WATER ENTERPRISE FUND

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Statements of Net Assets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Current Assets		
Cash	\$ 299,286	\$ 240,040
Accounts receivable	151,590	152,839
Special assessments receivable	51,363	55,588
Due from other funds	-	157,558
Inventory		
Supplies	3,282	4,628
Chemicals	2,389	3,220
Prepaid Expenses	16,738	8,465
Total Current Assets	<u>524,648</u>	<u>622,338</u>
Restricted Assets		
Accounts Receivable	9,080,347	9,474,985
Total Restricted Assets	<u>9,080,347</u>	<u>9,474,985</u>
Other Assets		
Special assessments receivable net of current portion	<u>619,020</u>	<u>685,757</u>
Property, Plant, & Equipment		
Land	6,090	6,090
Buildings and Equipment	17,786,443	17,786,443
Machinery and Equipment	905,978	802,449
Collection Systems	2,743,333	2,562,574
Furniture and fixtures	30,255	30,255
Less accumulated depreciation	<u>(9,440,057)</u>	<u>(8,605,199)</u>
Net Property, Plant and Equipment	<u>12,032,042</u>	<u>12,582,612</u>
Total Assets	<u>\$ 22,256,057</u>	<u>\$ 23,365,692</u>

See independent auditor's report.

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Statements of Net Assets
June 30, 2004 and 2003

<u>Liabilities and Fund Equity</u>	<u>2004</u>	<u>2003</u>
Current Liabilities		
Accounts Payable	\$ 14,045	\$ 90,553
Accrued Payroll	5,725	4,719
Due to other funds	23,019	-
Deferred Special		
Assessment Revenue	619,815	685,756
Current Portion of Long-Term Debt	647,000	642,925
Total Current Liabilities	<u>1,309,604</u>	<u>1,423,953</u>
Long-Term Liabilities		
Bonds Payable (net of current		
portion and unamortized discount)	<u>8,359,634</u>	<u>8,955,203</u>
Total Liabilities	<u>9,669,238</u>	<u>10,379,156</u>
Net Assets		
Investment in capital assets-		
Net of related debt	3,025,408	2,984,484
Restricted	10,464,200	11,310,631
Unrestricted	<u>(902,789)</u>	<u>(1,308,579)</u>
Total Net Assets	<u>12,586,819</u>	<u>12,986,536</u>
Total Liabilities and		
Net Assets	<u>\$ 22,256,057</u>	<u>\$ 23,365,692</u>

See independent auditor's report.

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Operating Revenues				
Sewage Disposal Charges				
Industrial	\$ 10,000	\$ 15,397	\$ 5,397	\$ 10,651
Residential	367,000	365,425	(1,575)	357,690
Commercial	355,000	388,248	33,248	385,988
Major commercial	235,000	187,822	(47,178)	201,267
Municipality	6,200	6,163	(37)	7,158
Penalties on late payments	7,500	7,661	161	8,173
Total Operating Revenues	<u>980,700</u>	<u>970,716</u>	<u>(9,984)</u>	<u>970,927</u>
Operating Expenses				
Transmission Maintenance	95,200	95,606	406	81,717
Sewage Purification	1,331,500	1,392,713	61,213	1,320,103
Administration	182,050	227,631	45,581	190,443
Customer Services	3,500	715	(2,785)	1,054
Total Operating Expenses	<u>1,612,250</u>	<u>1,716,665</u>	<u>104,415</u>	<u>1,593,317</u>
Operating Income (Loss)	<u>(631,550)</u>	<u>(745,949)</u>	<u>(114,399)</u>	<u>(622,390)</u>
Non-Operating Revenues (Expense)				
Interest	7,000	35,416	28,416	24,187
Transfer from (to) other funds	-	139,480	139,480	141,617
Special Assessments	25,000	91,404	66,404	29,561
Miscellaneous	2,000	2,969	969	3,086
Total Non-Operating Revenues (Expenses)	<u>34,000</u>	<u>269,269</u>	<u>235,269</u>	<u>198,451</u>
Income before other revenues	(597,550)	(476,680)	120,870	(423,939)
Other Revenue				
Capital Contributions	-	216,442	216,442	-
Total Other Revenue	<u>-</u>	<u>216,442</u>	<u>216,442</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ (597,550)</u>	<u>\$ (260,238)</u>	<u>\$ 337,312</u>	<u>\$ (423,939)</u>

See independent auditor's report.

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Statement of Changes in Net Assets and Contributions in Aid of Construction
For the Year Ended June 30, 2004

	Retained Earnings	Contributions in Aid of Construction				Totals
		Federal	State	Municipality	Customers	
Balance, June 30, 2003	\$ 1,825,905	\$ 650,205	\$ 186,986	\$ 455,467	\$ 9,867,973	\$ 12,986,536
Adjustment	-	-	-	-	(139,479)	(139,479)
Increase (decrease) in Net Assets	446,714	(91,057)	(9,564)	(29,778)	(576,553)	(260,238)
Balance, June 30, 2004	<u>\$ 2,272,619</u>	<u>\$ 559,148</u>	<u>\$ 177,422</u>	<u>\$ 425,689</u>	<u>\$ 9,151,941</u>	<u>\$ 12,586,819</u>

See independent auditor's report.

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Statement of Operating Expenses
Budget and Actual

For the Year Ended June 30, 2004

(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004		2003	
	Budget	Actual	Over (Under) Budget	Actual
Transmission Maintenance				
Wages and Salaries	\$ 52,200	\$ 45,234	\$ (6,966)	\$ 47,361
Repairs and Maintenance	3,500	4,088	588	6,318
Equipment Rental	17,000	17,913	913	19,698
Contracted Services	22,500	28,371	5,871	8,340
Total Transmission Maintenance	<u>95,200</u>	<u>95,606</u>	<u>406</u>	<u>81,717</u>
Sewage Purification				
Wages and Salaries	190,000	192,209	2,209	199,318
Operating Supplies	6,500	9,892	3,392	8,763
Chemicals	30,000	39,099	9,099	45,500
Tools and Supplies	19,500	23,846	4,346	9,043
Utilities	114,000	121,693	7,693	114,954
Building and Grounds Maintenance	45,200	39,023	(6,177)	52,875
Equipment Maintenance	17,000	27,290	10,290	20,854
Equipment Rental	7,600	359	(7,241)	277
Contracted Services	84,500	104,444	19,944	93,217
Equipment	122,200	-	(122,200)	-
Depreciation	695,000	834,858	139,858	775,302
Total Sewage Purification	<u>1,331,500</u>	<u>1,392,713</u>	<u>61,213</u>	<u>1,320,103</u>
Administration				
Administration	32,000	32,000	-	32,000
Wages and Salaries	7,200	10,609	3,409	8,001
Fringe Benefits	85,000	100,883	15,883	87,209
Office Supplies	3,400	2,988	(412)	4,124
Safety Equipment	2,500	3,670	1,170	2,967
Professional Services	2,000	19,233	17,233	7,291
Computer Services	3,000	1,145	(1,855)	135
Equipment Maint. & Support	2,500	1,553	(947)	955
Association Dues	350	196	(154)	384
Telephone, Pagers	8,800	10,989	2,189	8,403
Transportation and Conference	7,300	10,404	3,104	7,913
Insurance	25,000	30,994	5,994	28,661
Contracted Services	-	567	567	-
Computer Administration	2,000	2,000	-	2,000
Regulating Fees	1,000	400	(600)	400
Total Administration	<u>182,050</u>	<u>227,631</u>	<u>45,581</u>	<u>190,443</u>
Customer Service				
Wages and Salaries	3,500	505	(2,995)	721
Supplies	-	29	29	29
Equipment Rental	-	181	181	304
Total Customer Service	<u>3,500</u>	<u>715</u>	<u>(2,785)</u>	<u>1,054</u>
Total Operating Expenses	<u>\$ 1,612,250</u>	<u>\$ 1,716,665</u>	<u>\$ 104,415</u>	<u>\$ 1,593,317</u>

See independent auditor's report.

City of Frankenmuth
Waste Water Treatment Enterprise Fund
Comparative Statements of Cash Flows
For the Years Ended June 30, 2004 and 2003

	2004	2003
Cash Flows From Operating Activities		
Increase (decrease) in Net Assets	\$ (260,238)	\$ (423,939)
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	834,858	775,302
Decrease (increase) in		
Accounts receivable	1,249	4,349
Special assessments	70,962	(205,580)
Due from other funds	157,558	(157,558)
Inventory	2,177	1,683
Prepaid expenses	(8,273)	(1,904)
Restricted accounts receivable	394,638	445,172
Increase (decrease) in		
Accounts payable	(76,508)	73,958
Accrued payroll	1,006	(5,105)
Due to other funds	23,019	(243,311)
Deferred special assessment revenue	(65,941)	191,010
Net Cash Provided by Operations	<u>1,074,507</u>	<u>454,077</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments		
Acquisition of property, plant and equipment	(284,288)	(1,081,298)
Contributions in aid of construction	-	1,263,447
Net Cash Provided (Used) by Investing Activities	<u>(284,288)</u>	<u>182,149</u>
Cash Flows From Financing Activities		
Payment of long-term debt	(591,494)	(543,550)
Reissue of bonds	(139,479)	-
Net Cash Provided (Used) by Financing Activities	<u>(730,973)</u>	<u>(543,550)</u>
Net Increase (Decrease) in Cash	59,246	92,676
Cash and cash equivalents, Beginning	240,040	147,364
Cash and cash equivalents, Ending	<u>\$ 299,286</u>	<u>\$ 240,040</u>

See independent auditor's report.

CITY OF FRANKENMUTH
WATER ENTERPRISE FUND

City of Frankenmuth
Water Enterprise Fund
Statements of Net Assets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Current Assets		
Cash	\$ 594,522	\$ 514,541
Accounts receivable	170,287	106,999
Special assessments receivable	6,668	8,939
Due from other funds	386	-
Due from other governmental units	228	-
Inventory	54,913	54,604
Prepaid Expenses	9,852	7,081
Total Current Assets	<u>836,856</u>	<u>692,164</u>
Restricted Assets		
Accounts Receivable	<u>1,426,400</u>	<u>1,510,000</u>
Total Restricted Assets	<u>1,426,400</u>	<u>1,510,000</u>
Other Assets		
Special assessments receivable net of current portion	<u>78,401</u>	<u>84,726</u>
Property, Plant, & Equipment		
Land	16,873	16,873
Buildings	174,723	174,723
Water Towers	533,842	533,842
Machinery and Equipment	212,520	208,057
Meters and Boxes	318,594	310,281
Distribution System	5,122,821	5,001,135
Furniture and Fixtures	28,750	28,750
Less accumulated depreciation	<u>(3,078,448)</u>	<u>(2,862,026)</u>
Net Property, Plant and Equipment	<u>3,329,675</u>	<u>3,411,635</u>
Total Assets	<u>\$ 5,671,332</u>	<u>\$ 5,698,525</u>

See independent auditor's report.

City of Frankenmuth
Water Enterprise Fund
Statements of Net Assets
June 30, 2004 and 2003

<u>Liabilities and Fund Equity</u>	<u>2004</u>	<u>2003</u>
Current Liabilities		
Accounts Payable	\$ 111,053	\$ 56,773
Accrued Payroll	36	55
Due to other funds	-	24,791
Deferred Special		
Assessment Revenue	78,047	84,254
Current Portion of Long-Term Debt	88,000	89,900
Total Current Liabilities	<u>277,136</u>	<u>255,773</u>
Long-Term Liabilities		
Bonds Payable (net of		
current portion)	1,338,400	1,420,100
Total Liabilities	<u>1,615,536</u>	<u>1,675,873</u>
Net Assets		
Investment in capital assets-		
Net of related debt	1,903,275	1,901,635
Restricted	2,854,015	2,932,057
Unrestricted	(701,494)	(811,040)
Total Net Assets	<u>4,055,796</u>	<u>4,022,652</u>
Total Liabilities and		
Net Assets	<u>\$ 5,671,332</u>	<u>\$ 5,698,525</u>

See independent auditor's report.

City of Frankenmuth
Water Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Operating Revenues				
Water Sales, City	\$ 752,000	\$ 850,535	\$ 98,535	\$ 776,379
Water Sales, Township	152,000	168,807	16,807	159,884
Penalties on Late Payments	6,300	6,001	(299)	5,638
Hydrant Rental	8,000	8,000	-	8,000
Other Revenue	2,500	10,124	7,624	5,948
Total Operating Revenues	<u>920,800</u>	<u>1,043,467</u>	<u>122,667</u>	<u>955,849</u>
Operating Expenses				
Distribution System				
Maintenance, Township	20,000	13,193	(6,807)	11,890
Distribution System				
Maintenance, City	94,000	91,452	(2,548)	118,222
Purification	886,600	911,381	24,781	783,106
Administration	113,525	105,272	(8,253)	87,468
Customer Services	64,000	47,433	(16,567)	39,545
Total Operating Expenses	<u>1,178,125</u>	<u>1,168,731</u>	<u>(9,394)</u>	<u>1,040,231</u>
Operating Income (Loss)	<u>(257,325)</u>	<u>(125,264)</u>	<u>132,061</u>	<u>(84,382)</u>
Non-Operating Revenues (Expense)				
Interest	6,000	4,549	(1,451)	6,232
Special Assessments	2,500	37,362	34,862	37,686
Total Non-Operating Revenues (Expenses)	<u>8,500</u>	<u>41,911</u>	<u>33,411</u>	<u>43,918</u>
Income before other revenues	(248,825)	(83,353)	165,472	(40,464)
Other Revenues				
Capital Contributions	-	116,497	116,497	-
Total Other Revenues	<u>-</u>	<u>116,497</u>	<u>116,497</u>	<u>-</u>
Net Income (Loss)	<u>\$ (248,825)</u>	<u>\$ 33,144</u>	<u>\$ 281,969</u>	<u>\$ (40,464)</u>

See independent auditor's report.

City of Frankenmuth
Water Enterprise Fund
Statement of Changes in Net Assets and Contributions in Aid of Construction
For the Year Ended June 30, 2004

	Retained Earnings	Contributions in Aid of Construction			Totals
		State	Municipality	Customers	
Balance, June 30, 2003	\$ 1,090,595	\$ 1,182	\$ 120,718	\$ 2,810,157	\$ 4,022,652
Increase (decrease) in Net Assets	111,186	(32)	(5,885)	(72,125)	33,144
Balance, June 30, 2004	<u>\$ 1,201,781</u>	<u>\$ 1,150</u>	<u>\$ 114,833</u>	<u>\$ 2,738,032</u>	<u>\$ 4,055,796</u>

See independent auditor's report.

City of Frankenmuth
Water Enterprise Fund
Statement of Operating Expenses
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Operating Expenses				
Distribution System				
Maintenance, Township				
Wages and Salaries	\$ 13,000	\$ 10,096	\$ (2,904)	\$ 6,815
Other	7,000	3,097	(3,903)	5,075
Total Distribution System				
Maintenance, Township	20,000	13,193	(6,807)	11,890
Distribution System				
Maintenance, City				
Wages and Salaries	65,000	56,365	(8,635)	70,343
Repairs and Maintenance	10,000	11,399	1,399	8,786
Equipment Rental	14,000	13,942	(58)	23,321
Contracted Services	5,000	9,746	4,746	15,772
Total Distribution System				
Maintenance, City	94,000	91,452	(2,548)	118,222
Purification				
Wages and Salaries	47,000	54,774	7,774	52,873
Operating Supplies	500	-	(500)	737
Tools and Supplies	3,500	1,318	(2,182)	2,213
Utilities	1,600	1,360	(240)	1,329
Water Purchase	550,000	536,254	(13,746)	518,390
Building and Grounds				
Maintenance	5,000	4,302	(698)	5,892
Equipment Maintenance	5,000	1,195	(3,805)	2,158
Contracted Services	89,000	95,467	6,467	1,877
Equipment Rental	-	289	289	-
Depreciation	185,000	216,422	31,422	197,637
Total Purification	886,600	911,381	24,781	783,106

See independent auditor's report.

City of Frankenmuth
Water Enterprise Fund
Statement of Operating Expenses
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Administration				
Administration, general	20,500	20,500	-	20,500
Fringe Benefits	29,000	31,061	2,061	25,701
Office Supplies	1,200	1,666	466	1,136
Postage	1,700	1,799	99	1,928
Safety Equipment	750	650	(100)	654
Computer Services	250	509	259	248
Association Dues	600	14,608	14,008	480
Telephone, Pagers	2,550	2,820	270	2,521
Professional Services	22,000	-	(22,000)	5,658
Regulatory Fees	775	860	85	859
Transportation and Conference	11,000	11,547	547	11,164
Insurance	14,000	16,507	2,507	14,619
Computer Administration	2,000	2,000	-	2,000
Contracted Services	7,200	745	(6,455)	-
Total Administration	<u>113,525</u>	<u>105,272</u>	<u>(8,253)</u>	<u>87,468</u>
Customer Service				
Wages and Salaries	29,000	31,641	2,641	26,947
Supplies	2,500	3,174	674	739
Equipment Rental	11,000	12,332	1,332	11,524
Contracted Services	21,500	286	(21,214)	335
Total Customer Service	<u>64,000</u>	<u>47,433</u>	<u>(16,567)</u>	<u>39,545</u>
Total Operating Expenses	<u>\$ 1,178,125</u>	<u>\$ 1,168,731</u>	<u>\$ (9,394)</u>	<u>\$ 1,040,231</u>

See independent auditor's report

City of Frankenmuth
Water Enterprise Fund
Comparative Statements of Cash Flows
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Increase (decrease) in Net Assets	\$ 33,145	\$ (40,464)
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	216,422	197,637
Decrease (increase) in		
Due From Other Funds	(386)	-
Accounts Receivable	(63,288)	(8,398)
Due from other governmental units	(228)	-
Special Assessments	8,596	(71,602)
Inventory	(309)	(5,990)
Prepaid Expenses	(2,771)	(1,156)
Restricted Accounts Receivable	83,600	52,850
Increase (decrease) in		
Accounts Payable	54,279	2,362
Accrued Payroll	(19)	35
Due to Other Funds	(24,791)	6,424
Deferred Special Assessment Revenue	(6,207)	65,223
Net Cash Provided by Operations	<u>298,043</u>	<u>196,921</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments		
Acquisition of Property, Plant and Equipment	(134,462)	(490,190)
Contributions in aid of construction	-	488,889
Net Cash Provided (Used) by Investing Activities	<u>(134,462)</u>	<u>(1,301)</u>
Cash Flows From Financing Activities		
Payment of Long-Term Debt	(83,600)	(52,850)
Bond Proceeds	-	-
Net Cash Provided (Used) by Financing Activities	<u>(83,600)</u>	<u>(52,850)</u>
Net Increase (Decrease) in Cash	79,981	142,770
Cash and cash equivalents, Beginning	514,541	371,771
Cash and cash equivalents, Ending	<u>\$ 594,522</u>	<u>\$ 514,541</u>

See independent auditor's report.

City of Frankenmuth
Water Enterprise Fund
Operating Statistics
For the Year Ended June 30, 2004
With Comparative Totals For the Year Ended June 30, 2003

	<u>Residential</u>	<u>Commercial Industrial</u>	<u>Municipal</u>	<u>Totals 2004</u>	<u>2003</u>
Average Number of Meters in Service	2,156	547	20	2,723	2,701
Water Utility					
Gallons Sold	131,327,000	182,467,000	8,764,000	322,558,000	339,097,000
Revenue From Sales	\$ 521,753	\$ 473,073	\$ 24,518	\$ 1,019,344	\$ 966,263

See independent auditor's report.

CITY OF FRANKENMUTH
EQUIPMENT INTERNAL SERVICE FUND

City of Frankenmuth
Equipment Internal Service Fund
Statements of Net Assets
June 30, 2004 and 2003

<u>Assets</u>	<u>2004</u>	<u>2003</u>
Current Assets		
Cash	\$ 280,098	\$ 317,453
Accounts receivable	-	1,362
Due from other funds	87,202	60,474
Inventory, supplies	1,169	1,622
Prepaid Expenses	9,632	7,964
Total Current Assets	<u>378,101</u>	<u>388,875</u>
Property and Equipment	1,508,828	1,403,500
Less: Accumulated depreciation	<u>(916,154)</u>	<u>(852,463)</u>
Net Property and Equipment	<u>592,674</u>	<u>551,037</u>
Total Assets	<u><u>\$ 970,775</u></u>	<u><u>\$ 939,912</u></u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts Payable	<u>\$ 6,072</u>	<u>\$ 8,584</u>
Total Current Liabilities	<u>6,072</u>	<u>8,584</u>
Net Assets		
Investment in capital assets-		
Net of related debt	592,674	551,037
Unrestricted	<u>372,029</u>	<u>380,291</u>
Total Net Assets	<u>964,703</u>	<u>931,328</u>
Total Liabilities and Net Assets	<u><u>\$ 970,775</u></u>	<u><u>\$ 939,912</u></u>

See independent auditor's report.

City of Frankenmuth
Equipment Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Assets
Budget and Actual
For the Year Ended June 30, 2004
(With Comparative Actual Amounts for the Year Ended June 30, 2003)

	2004			2003
	Budget	Actual	Over (Under) Budget	Actual
Operating Revenues				
Billing to Departments	\$ 312,200	\$ 344,525	\$ 32,325	\$ 338,616
Total Operating Revenues	<u>312,200</u>	<u>344,525</u>	<u>32,325</u>	<u>338,616</u>
Operating Expenses				
Motor Vehicle Maintenance				
Salaries and Wages	88,000	60,371	(27,629)	65,079
Benefits	23,200	18,236	(4,964)	9,871
Tools and Supplies	7,200	12,067	4,867	6,653
Gasoline and Oil	30,000	29,799	(201)	27,147
Repairs and Maintenance	45,000	64,600	19,600	72,547
Transportation	-	150	150	359
Depreciation	103,000	108,845	5,845	102,834
Total Motor Vehicle Maintenance Expense	<u>296,400</u>	<u>294,068</u>	<u>(2,332)</u>	<u>284,490</u>
Administration Expense				
Administration, general	15,000	15,000	-	15,000
Fleet Insurance	14,000	16,752	2,752	16,080
Total Administration Expense	<u>29,000</u>	<u>31,752</u>	<u>2,752</u>	<u>31,080</u>
Total Operating Expense	<u>325,400</u>	<u>325,820</u>	<u>420</u>	<u>315,570</u>
Operating Income	<u>(13,200)</u>	<u>18,705</u>	<u>31,905</u>	<u>23,046</u>
Non-Operating Revenues				
Interest	4,000	1,779	(2,221)	3,061
Sale of Fixed Assets	1,000	7,493	6,493	5,757
DPW Fringe Recovery	5,000	5,398	398	4,062
Total Non-Operating Revenue	<u>10,000</u>	<u>14,670</u>	<u>4,670</u>	<u>12,880</u>
Increase (decrease) in Net Assets	(3,200)	33,375	36,575	35,926
Net Assets, Beginning	931,328	931,328	-	895,402
Net Assets, Ending	<u>\$ 928,128</u>	<u>\$ 964,703</u>	<u>\$ 36,575</u>	<u>\$ 931,328</u>

See independent auditor's report.

City of Frankenmuth
Equipment Internal Service Fund
Comparative Statement of Cash Flows
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Increase (decrease) in Net Assets	\$ 33,375	\$ 35,926
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation	108,845	102,834
Gain on sale of fixed assets	(7,493)	-
Decrease (increase) in		
Accounts receivable	1,362	21
Due from other funds	(26,728)	24,976
Inventory, supplies	453	712
Prepaid expenses	(1,668)	(1,094)
Increase (decrease) in		
Accounts payable	(2,512)	3,178
Net Cash Provided (Used) by Operating Activities	<u>105,634</u>	<u>166,553</u>
Cash Flows From Investing Activities		
(Increase) Decrease in Investments		
Sale of equipment	7,491	-
Acquisition of equipment	(150,480)	(86,609)
Net Cash Provided (Used) by Investing Activities	<u>(142,989)</u>	<u>(86,609)</u>
Net Increase (Decrease) in Cash	(37,355)	79,944
Cash and cash equivalents, Beginning	317,453	237,509
Cash and cash equivalents, Ending	<u>\$ 280,098</u>	<u>\$ 317,453</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness
June 30, 2004

Governmental Activities
General Obligation Bonds

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal May 1	Semiannual Interest Payment November 1	Semiannual Interest Payment May 1	Total Fiscal Year Requirement
1997 DDA G.O.	8/1/1997	2,600,000					
2004-05			4.85	\$ 120,000	\$ 49,175	\$ 49,175	\$ 218,350
2005-06			4.85	125,000	46,265	46,265	217,530
2006-07			4.85	135,000	43,234	43,233	221,467
2007-08			4.85	140,000	39,960	39,960	219,920
2008-09			4.95	145,000	36,565	36,565	218,130
2009-10			4.95	150,000	33,049	33,048	216,097
2010-11			5.00	155,000	29,336	29,336	213,672
2011-12			5.00	160,000	25,500	25,500	211,000
2012-13			5.00	165,000	21,500	21,500	208,000
2013-14			5.00	170,000	17,375	17,375	204,750
2014-15			5.00	175,000	13,125	13,125	201,250
2015-16			5.00	175,000	8,750	8,750	192,500
2016-17			5.70	175,000	4,375	4,375	183,750
Paid from DDA Funds Phase I				<u>\$ 1,990,000</u>	<u>\$ 368,209</u>	<u>\$ 368,207</u>	<u>\$ 2,726,416</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment October 1	Semiannual Interest Payment April 1	Total Fiscal Year Requirement
1997 GF Streetscape	8/1/1997	1,200,000					
2004-05			4.70	\$ 50,000	\$ 23,865	\$ 22,690	96,555
2005-06			4.70	55,000	22,690	21,398	99,088
2006-07			4.70	55,000	21,397	20,105	96,502
2007-08			4.80	60,000	20,105	18,665	98,770
2008-09			4.90	65,000	18,665	17,072	100,737
2009-10			5.00	65,000	17,073	15,447	97,520
2010-11			5.10	70,000	15,448	13,663	99,111
2011-12			5.15	75,000	13,662	11,731	100,393
2012-13			5.20	80,000	11,731	9,651	101,382
2013-14			5.25	85,000	9,651	7,420	102,071
2014-15			5.30	90,000	7,420	5,035	102,455
2015-16			5.30	95,000	5,035	2,517	102,552
2016-17			5.30	95,000	2,518	-	97,518
Paid from General Fund Phase I				<u>\$ 940,000</u>	<u>\$ 189,260</u>	<u>\$ 165,394</u>	<u>\$ 1,294,654</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal September 1</u>	<u>Semiannual Interest Payment</u>		<u>Total Fiscal Year Requirement</u>
1999 G.O. Major Street	8/9/1999	332,000	5.12		<u>September 1</u>	<u>March 1</u>	
2004-05				\$ 25,000	\$ 6,064	\$ 5,464	\$ 36,528
2005-06				25,000	5,463	4,863	35,326
2006-07				25,000	4,864	4,264	34,128
2007-08				25,000	4,263	3,657	32,920
2008-09				25,000	3,658	3,045	31,703
2009-10				20,000	3,045	2,545	25,590
2010-11				20,000	2,545	2,040	24,585
2011-12				20,000	2,040	1,530	23,570
2012-13				20,000	1,530	1,020	22,550
2013-14				20,000	1,020	510	21,530
2014-15				20,000	510	-	20,510
				<u>\$ 245,000</u>	<u>\$ 35,002</u>	<u>\$ 28,938</u>	<u>\$ 308,940</u>
	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal March 1</u>	<u>Semiannual Interest Payment</u>		<u>Total Fiscal Year Requirement</u>
1999 Michigan Transportation Fund	#####	380,000	5.27		<u>September 1</u>	<u>March 1</u>	
2004-05				\$ 25,000	\$ 6,787	\$ 6,788	\$ 38,575
2005-06				25,000	6,163	6,162	37,325
2006-07				25,000	5,537	5,538	36,075
2007-08				30,000	4,913	4,912	39,825
2008-09				30,000	4,162	4,163	38,325
2009-10				30,000	3,413	3,412	36,825
2010-11				35,000	2,647	2,648	40,295
2011-12				35,000	1,738	1,737	38,475
2012-13				30,000	810	810	31,620
				<u>\$ 265,000</u>	<u>\$ 36,170</u>	<u>\$ 36,170</u>	<u>\$ 337,340</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal May 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					November 1	May 1	
2000 G.O. DDA North Main	5/1/2000	940,000	5.60				
2004-05				\$ 25,000	\$ 23,698	\$ 23,697	\$ 72,395
2005-06				40,000	23,035	23,035	86,070
2006-07				40,000	21,975	21,975	83,950
2007-08				40,000	20,915	20,915	81,830
2008-09				50,000	19,855	19,855	89,710
2009-10				50,000	18,530	18,530	87,060
2010-11				50,000	17,205	17,205	84,410
2011-12				50,000	15,880	15,880	81,760
2012-13				50,000	14,542	14,543	79,085
2013-14				50,000	13,193	13,192	76,385
2014-15				50,000	11,830	11,830	73,660
2015-16				70,000	10,455	10,455	90,910
2016-17				75,000	8,512	8,513	92,025
2017-18				75,000	6,412	6,413	87,825
2018-19				75,000	4,294	4,293	83,587
2019-20				75,000	2,156	2,156	79,312
Paid from DDA Fund				<u>\$ 865,000</u>	<u>\$ 232,487</u>	<u>\$ 232,487</u>	<u>\$ 1,329,974</u>
	Date of Issue	Amount of Issue	Interest Rate	Annual Principal May 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					November 1	May 1	
2001 DDA Phase 3	6/19/2001	1,300,000	4.96				
2004-05				\$ 45,000	\$ 30,417	\$ 30,418	\$ 105,835
2005-06				45,000	29,416	29,416	103,832
2006-07				45,000	28,415	28,415	101,830
2007-08				50,000	27,413	27,414	104,827
2008-09				50,000	26,301	26,301	102,602
2009-10				55,000	25,189	25,188	105,377
2010-11				65,000	23,965	23,965	112,930
2011-12				70,000	22,519	22,518	115,037
2012-13				80,000	20,909	20,908	121,817
2013-14				85,000	19,028	19,029	123,057
2014-15				90,000	16,989	16,988	123,977
2015-16				90,000	14,806	14,806	119,612
2016-17				95,000	12,601	12,601	120,202
2017-18				100,000	10,250	10,250	120,500
2018-19				100,000	7,750	7,750	115,500
2019-20				105,000	5,250	5,250	115,500
2020-21				105,000	2,625	2,625	110,250
Paid from DDA Fund				<u>\$ 1,275,000</u>	<u>\$ 323,843</u>	<u>\$ 323,842</u>	<u>\$ 1,922,685</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Semiannual Principal September 1 March 1</u>	<u>Semiannual Interest Payment September 1</u>	<u>March 1</u>	<u>Total Fiscal Year Requirement</u>
EDC Technology Park Land	9/1/2002	164,900	4.60				
2004-05				\$ 21,913	\$ 3,078	\$ 2,829	\$ 27,820
2005-06				22,933	2,574	2,313	27,820
2006-07				24,000	2,046	1,774	27,820
2007-08				25,116	1,495	1,209	27,820
2008-09				26,285	917	618	27,820
2009-10				13,597	313	-	13,910
				<u>\$ 133,844</u>	<u>\$ 10,423</u>	<u>\$ 8,743</u>	<u>\$ 153,010</u>

Business-type Activities
General Obligation Bonds

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal October 1</u>	<u>Semiannual Interest Payment October 1</u>	<u>April 1</u>	<u>Total Fiscal Year Requirement</u>
2001 Waste Treatment Enterprise Fund W. Tuscola/ Georgetown	6/19/2001	300,000	5.07				
2004-05				\$ 20,000	\$ 6,294	\$ 5,844	\$ 32,138
2005-06				20,000	5,843	5,394	31,237
2006-07				20,000	5,393	4,943	30,336
2007-08				20,000	4,944	4,494	29,438
2008-09				20,000	4,493	4,043	28,536
2009-10				20,000	4,042	3,594	27,636
2010-11				20,000	3,593	3,143	26,736
2011-12				25,000	3,144	2,581	30,725
2012-13				25,000	2,581	2,000	29,581
2013-14				25,000	2,000	1,375	28,375
2014-15				25,000	1,375	750	27,125
2015-16				30,000	750	-	30,750
				<u>\$ 270,000</u>	<u>\$ 44,452</u>	<u>\$ 38,161</u>	<u>\$ 352,613</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal May 1</u>	<u>Semiannual Interest Payment November 1</u>	<u>Semiannual Interest Payment May 1</u>	<u>Total Fiscal Year Requirement</u>
1997 Waste Treatment Enterprise Fund Plant Expansion	3/17/1997	685,000	5.00				
2004-05				\$ 75,000	\$ 6,875	\$ 6,875	\$ 88,750
2005-06				100,000	5,000	5,000	110,000
2006-07				100,000	2,500	2,500	105,000
				<u>\$ 275,000</u>	<u>\$ 14,375</u>	<u>\$ 14,375</u>	<u>\$ 303,750</u>
	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal May 1</u>	<u>Semiannual Interest Payment November 1</u>	<u>Semiannual Interest Payment May 1</u>	<u>Total Fiscal Year Requirement</u>
Waste Treatment Enterprise Fund Plant Expansion,	2/18/2004	1,120,000					
2004-05			2.00	120,000	28,629	20,368	\$ 168,997
2005-06			2.00	130,000	19,169	19,169	168,338
2006-07			2.00	135,000	17,869	17,869	170,738
2007-08			2.25	135,000	16,519	16,519	168,038
2008-09			5.00	140,000	15,000	15,000	170,000
2009-10			5.00	145,000	11,500	11,500	168,000
2010-11			5.00	155,000	7,875	7,875	170,750
2011-12			5.00	160,000	4,000	4,000	168,000
				<u>\$ 1,120,000</u>	<u>\$ 120,561</u>	<u>\$ 112,300</u>	<u>\$ 1,352,861</u>
	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Annual Principal January 1</u>	<u>Semiannual Interest Payment July 1</u>	<u>Semiannual Interest Payment January 1</u>	<u>Total Fiscal Year Requirement</u>
1997 Water Improvement	5/20/1997	940,000					
2004-05			5.25	40,000	20,266	20,266	\$ 80,532
2005-06			5.25	40,000	19,216	19,216	78,432
2006-07			5.25	45,000	18,166	18,166	81,332
2007-08			5.30	45,000	16,985	16,985	78,970
2008-09			5.30	50,000	15,793	15,792	81,585
2009-10			5.40	50,000	14,468	14,467	78,935
2010-11			5.40	55,000	13,118	13,117	81,235
2011-12			5.50	60,000	11,633	11,632	83,265
2012-13			5.50	65,000	9,983	9,982	84,965
2013-14			5.60	70,000	8,195	8,195	86,390
2014-15			5.60	70,000	6,235	6,235	82,470
2015-16			5.70	75,000	4,275	4,275	83,550
2016-17			5.70	75,000	2,138	2,137	79,275
				<u>\$ 740,000</u>	<u>\$ 160,471</u>	<u>\$ 160,465</u>	<u>\$ 1,060,936</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal June 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					December 1	June 1	
2001 Waste Treatment / Water Fund Enterprise Fund Saginaw County DPW Bond	10/16/2001	1,660,000	4.24				
2004-05				\$ 95,000	\$ 29,310	\$ 29,310	\$ 153,620
2005-06				100,000	27,885	27,885	155,770
2006-07				105,000	26,260	26,260	157,520
2007-08				110,000	24,423	24,422	158,845
2008-09				115,000	22,415	22,415	159,830
2009-10				120,000	20,258	20,259	160,517
2010-11				125,000	17,949	17,948	160,897
2011-12				130,000	15,448	15,449	160,897
2012-13				135,000	12,816	12,816	160,632
2013-14				145,000	9,981	9,981	164,962
2014-15				150,000	6,864	6,863	163,727
2015-16				155,000	3,526	3,526	162,052
				<u>\$ 1,485,000</u>	<u>\$ 217,135</u>	<u>\$ 217,134</u>	<u>\$ 1,919,269</u>
	Date of Issue	Amount of Issue	Interest Rate	Annual Principal April 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
1999 G.O. SRF WTP	4/1/1998	6,645,000	2.25				
2004-05				\$ 300,000	\$ 59,063	\$ 59,063	\$ 418,126
2005-06				305,000	55,688	55,688	416,376
2006-07				310,000	52,256	52,256	414,512
2007-08				320,000	48,769	48,769	417,538
2008-09				325,000	45,169	45,169	415,338
2009-10				335,000	41,513	41,513	418,026
2010-11				340,000	37,744	37,744	415,488
2011-12				350,000	33,919	33,919	417,838
2012-13				355,000	29,981	29,981	414,962
2013-14				365,000	25,988	25,988	416,976
2014-15				370,000	21,881	21,881	413,762
2015-16				380,000	17,719	17,719	415,438
2016-17				390,000	13,444	13,444	416,888
2017-18				400,000	9,056	9,056	418,112
2018-19				405,000	4,556	4,556	414,112
				<u>\$ 5,250,000</u>	<u>\$ 496,746</u>	<u>\$ 496,746</u>	<u>\$ 6,243,492</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

Governmental Activities
Special Assessment Bonds

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
2001 DDA Phase 3/Georgetown	6/19/2001	750,000	5.07				
2004-05				\$ 45,000	\$ 15,881	\$ 14,869	\$ 75,750
2005-06				45,000	14,868	13,856	73,724
2006-07				40,000	13,856	12,956	66,812
2007-08				45,000	12,956	11,944	69,900
2008-09				45,000	11,943	10,931	67,874
2009-10				45,000	10,931	9,919	65,850
2010-11				40,000	9,918	9,019	58,937
2011-12				45,000	9,018	8,006	62,024
2012-13				45,000	8,006	6,960	59,966
2013-14				45,000	6,960	5,835	57,795
2014-15				40,000	5,835	4,835	50,670
2015-16				45,000	4,835	3,710	53,545
2016-17				15,000	3,710	3,313	22,023
2017-18				15,000	3,312	2,915	21,227
2018-19				15,000	2,915	2,518	20,433
2019-20				15,000	2,517	2,120	19,637
2020-21				15,000	2,120	1,723	18,843
2021-22				15,000	1,722	1,325	18,047
2022-23				15,000	1,325	928	17,253
2023-24				15,000	927	530	16,457
2024-25				10,000	530	265	10,795
2025-26				10,000	265	-	10,265
				<u>\$ 665,000</u>	<u>\$ 144,350</u>	<u>\$ 128,477</u>	<u>\$ 937,827</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
1997 S.A. DDA Phase I	8/1/1997	1,415,000					
2004-05			4.70	\$ 60,000	\$ 27,055	\$ 25,645	\$ 112,700
2005-06			4.70	60,000	25,645	24,235	109,880
2006-07			4.70	60,000	24,235	22,825	107,060
2007-08			4.80	55,000	22,825	21,505	99,330
2008-09			4.90	60,000	21,505	20,035	101,540
2009-10			5.00	60,000	20,035	18,535	98,570
2010-11			5.10	60,000	18,535	17,005	95,540
2011-12			5.15	60,000	17,005	15,460	92,465
2012-13			5.20	55,000	15,460	14,030	84,490
2013-14			5.25	60,000	14,030	12,455	86,485
2014-15			5.30	60,000	12,455	10,865	83,320
2015-16			5.30	60,000	10,865	9,275	80,140
2016-17			5.30	55,000	9,275	7,818	72,093
2017-18			5.30	60,000	7,817	6,227	74,044
2018-19			5.30	60,000	6,228	4,637	70,865
2019-20			5.30	60,000	4,638	3,047	67,685
2020-21			5.30	60,000	3,048	1,457	64,505
2021-22			5.30	55,000	1,458	-	56,458
				<u>\$ 1,060,000</u>	<u>\$ 262,114</u>	<u>\$ 235,056</u>	<u>\$1,557,170</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal November 1	Semiannual Interest Payment November 1 May 1		Total Fiscal Year Requirement
Homestead Village	9/29/1988	295,000					
2004-05			7.70	\$ 15,000	\$ 3,080	\$ 2,503	\$ 20,583
2005-06			7.70	15,000	2,502	1,925	19,427
2006-07			7.70	15,000	1,925	1,347	18,272
2007-08			7.70	15,000	1,348	770	17,118
2008-09			7.70	20,000	770	-	20,770
				<u>\$ 80,000</u>	<u>\$ 9,625</u>	<u>\$ 6,545</u>	<u>\$ 96,170</u>
	Date of Issue	Amount of Issue	Interest Rate	Annual Principal September 1	Semiannual Interest Payment September 1 March 1		Total Fiscal Year Requirement
1999 S.A. Major Street	8/9/1999	332,000	5.13				
2004-05				\$ 25,000	\$ 6,064	\$ 5,463	\$ 36,527
2005-06				25,000	5,464	4,864	35,328
2006-07				25,000	4,863	4,263	34,126
2007-08				25,000	4,264	3,658	32,922
2008-09				25,000	3,657	3,045	31,702
2009-10				20,000	3,045	2,545	25,590
2010-11				20,000	2,545	2,040	24,585
2011-12				20,000	2,040	1,530	23,570
2012-13				20,000	1,530	1,020	22,550
2013-14				20,000	1,020	510	21,530
2014-15				20,000	510	-	20,510
				<u>\$ 245,000</u>	<u>\$ 35,002</u>	<u>\$ 28,938</u>	<u>\$ 308,940</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal September 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
1999 S.A. DDA North Main	12/29/1999	380,000	5.90				
2004-05				\$ -	\$ 9,495	\$ 9,111	\$ 18,606
2005-06				15,000	9,110	8,726	32,836
2006-07				15,000	8,726	8,342	32,068
2007-08				15,000	8,341	7,958	31,299
2008-09				15,000	7,957	7,563	30,520
2009-10				15,000	7,564	7,170	29,734
2010-11				15,000	7,170	6,773	28,943
2011-12				15,000	6,772	6,367	28,139
2012-13				15,000	6,368	5,955	27,323
2013-14				15,000	5,955	5,535	26,490
2014-15				15,000	5,535	5,107	25,642
2015-16				15,000	5,108	4,673	24,781
2016-17				15,000	4,672	4,230	23,902
2017-18				15,000	4,230	3,780	23,010
2018-19				15,000	3,780	3,330	22,110
2019-20				15,000	3,330	2,880	21,210
2020-21				15,000	2,880	2,430	20,310
2021-22				20,000	2,430	1,830	24,260
2022-23				20,000	1,830	1,220	23,050
2023-24				20,000	1,220	610	21,830
2024-25				20,000	610	-	20,610
				<u>\$ 320,000</u>	<u>\$ 113,083</u>	<u>\$ 103,590</u>	<u>\$ 536,673</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal September 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
1999 S.A. DDA North Main Streetscape	6/22/2000	295,000	5.95				
2004-05				\$ 15,000	\$ 7,478	\$ 7,065	\$ 29,543
2005-06				10,000	7,065	6,790	23,855
2006-07				15,000	6,790	6,378	28,168
2007-08				10,000	6,377	6,102	22,479
2008-09				15,000	6,103	5,690	26,793
2009-10				10,000	5,690	5,415	21,105
2010-11				15,000	5,415	5,003	25,418
2011-12				10,000	5,002	4,727	19,729
2012-13				10,000	4,728	4,448	19,176
2013-14				15,000	4,447	4,020	23,467
2014-15				10,000	4,020	3,730	17,750
2015-16				15,000	3,730	3,291	22,021
2016-17				10,000	3,291	2,996	16,287
2017-18				15,000	2,996	2,550	20,546
2018-19				10,000	2,550	2,250	14,800
2019-20				15,000	2,250	1,800	19,050
2020-21				10,000	1,800	1,500	13,300
2021-22				15,000	1,500	1,050	17,550
2022-23				10,000	1,050	750	11,800
2023-24				15,000	750	300	16,050
2024-25				10,000	300	-	10,300
				<u>\$ 260,000</u>	<u>\$ 83,332</u>	<u>\$ 75,855</u>	<u>\$ 419,187</u>

See independent auditor's report

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal April 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
2004 GO Weiss Street	2/11/2004	1,800,000	4.24				
2004-05				\$ 60,000	\$ 43,796	\$ 34,275	\$ 138,071
2005-06				60,000	33,945	33,945	127,890
2006-07				60,000	33,465	33,465	126,930
2007-08				60,000	32,880	32,880	125,760
2008-09				60,000	32,175	32,175	124,350
2009-10				60,000	31,380	31,380	122,760
2010-11				65,000	30,510	30,510	126,020
2011-12				70,000	29,470	29,470	128,940
2012-13				75,000	28,280	28,280	131,560
2013-14				80,000	26,930	26,930	133,860
2014-15				85,000	25,410	25,410	135,820
2015-16				90,000	23,731	23,731	137,462
2016-17				100,000	21,909	21,909	143,818
2017-18				110,000	19,809	19,809	149,618
2018-19				115,000	17,471	17,471	149,942
2019-20				120,000	14,970	14,970	149,940
2020-21				125,000	12,300	12,300	149,600
2021-22				130,000	9,487	9,488	148,975
2022-23				135,000	6,498	6,497	147,995
2023-24				140,000	3,325	3,325	146,650
				<u>1,800,000</u>	<u>477,741</u>	<u>468,220</u>	<u>2,745,961</u>

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal September 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					September 1	March 1	
2001 S.A. DDA Snowmelt	9/1/2001	490,000	4.29				
2004-05				\$ 25,000	\$ 9,017	\$ 8,642	\$ 42,659
2005-06				25,000	8,643	8,249	41,892
2006-07				25,000	8,249	7,836	41,085
2007-08				25,000	7,836	7,399	40,235
2008-09				35,000	7,399	6,760	49,159
2009-10				40,000	6,760	6,000	52,760
2010-11				40,000	6,000	5,200	51,200
2011-12				40,000	5,200	4,390	49,590
2012-13				40,000	4,390	3,560	47,950
2013-14				40,000	3,560	2,700	46,260
2014-15				40,000	2,700	1,820	44,520
2015-16				40,000	1,820	920	42,740
2016-17				40,000	920	-	40,920
				<u>\$ 455,000</u>	<u>\$ 72,494</u>	<u>\$ 63,476</u>	<u>\$ 590,970</u>

See independent auditor's report.

City of Frankenmuth
Schedule of Indebtedness (continued)
June 30, 2004

Business-type Activities

Special Assessment Bonds

	Date of Issue	Amount of Issue	Interest Rate	Annual Principal October 1	Semiannual Interest Payment		Total Fiscal Year Requirement
					October 1	April 1	
2002 S.A. E. Tuscola Area	4/22/2002	1,225,000	4.38				
2004-05				\$ 85,000	\$ 23,680	\$ 21,980	\$ 130,660
2005-06				90,000	21,980	20,180	132,160
2006-07				85,000	20,180	18,480	123,660
2007-08				90,000	18,480	16,680	125,160
2008-09				85,000	16,680	14,980	116,660
2009-10				90,000	14,980	13,180	118,160
2010-11				85,000	13,180	11,438	109,618
2011-12				90,000	11,437	9,570	111,007
2012-13				85,000	9,570	7,785	102,355
2013-14				90,000	7,785	5,850	103,635
2014-15				85,000	5,850	3,980	94,830
2015-16				90,000	3,980	1,955	95,935
2016-17				85,000	1,955	-	86,955
				<u>\$ 1,135,000</u>	<u>\$ 169,737</u>	<u>\$ 146,058</u>	<u>\$ 1,450,795</u>
Totals				<u>\$ 20,873,844</u>	<u>\$ 3,616,612</u>	<u>\$ 3,459,177</u>	<u>\$ 27,949,633</u>

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